Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	IS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr7.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	$L100.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$85
France	FFr6.50	Malaysia	Rlm4.25	Thailand	Bt50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	NKr7.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,309 Wednesday August 12 1987 D 8523 A

Sweden's yuppies don't boast about being rich, Page 3

World News

Israel told of Lavi project's tax threat

A senior Israeli Cabinet Minister warned that persisting with the country's Lavi combat aircraft project would result in substantially higher taxes and an end to hopes of revived economic growth.

The Cabinet was expected to reach a final decision on the $8.5bn project on Sunday. Meanwhile, the US urged Israel to abandon the project. The State Department said it could not be funded within the budgeted $3bn annual US aid to Israel. Page 2

Angola 'flexible'

Angola said it was willing to speed up withdrawal of Cuban troops from the country but only if South Africa and the US stopped all aid to anti-government Unita rebels.

Iranian deserter shot

A former Iranian military pilot who deserted in February and asked for political asylum in Switzerland was shot dead by two unidentified gunmen in a Geneva street.

Libyan bombing raid

Chad said Libyan aircraft bombed three towns in the north of the country and carried out further air raids on the disputed town of Aouzou - while the Organisation of African Unity called for renewed peace moves to end the border dispute.

Hi-tech 'smugglers'

Four West Germans and an Austrian were arrested in Puerto Rico and charged with exporting advanced-technology US products to Bulgaria, Cuba and North Korea, according to court papers.

EC takeovers plan

The European Commission drafted a set of rules that would protect companies in the European Community from hostile takeover bids.

Rhodes emergency

A state of emergency was declared on the Greek island of Rhodes where forest fires raged for the third day in succession.

Court shooting

Two Sikh extremists burst into a crowded court complex in the Indian holy city of Amritsar and shot dead a prisoner in front of dozens of police, then escaped in a vehicle.

Munich air crash

A light aircraft crashed into a hamburger restaurant in Munich, killing six people and injuring 14. The restaurant and a bus were destroyed by a fire which started after the crash.

Missiles deployed

The Soviet Union said it had begun deploying the SS-24, a long-range mobile missile capable of carrying up to 10 independently-targeted nuclear warheads, but that this did not violate a 1979 arms treaty.

More babies sought

Prime Minister Lee Kuan Yew told Singaporeans they must produce an additional 40,000 babies in the next decade if they wanted to keep the population of their city state from falling dangerously low.

Genghis Khan tomb

China announced plans to build a mausoleum for Genghis Khan in Lanzhou where the Mongolian conqueror died in 1227. His remains, tent, armour and clothes would be moved from a nearby temple.

Sun 'not so old'

The sun is 4.6bn years old - not 6bn as was previously believed - according to data presented by Indian astrophysicists at an international conference on cosmic rays in Moscow.

Pakistan bombs kill 11

Three bombs exploded in a market town in north-west Pakistan, near the Afghanistan border, killing 11 people and injuring 45.

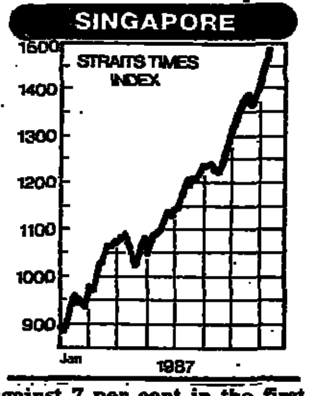
Business Summary

Wall St shares soar to new highs

WALL STREET shares soared in late trading taking the Dow Jones Industrial average to a record close of 2680.48, up 44.64. Trading volume was the second-highest in the market's history with about 272m shares changing hands. Page 40

CITICORP, largest US banking group, is abandoning a 10-year effort to market an independent credit card and will convert its Choice card to Visa, system owned by member banks. Page 21

SINGAPORE shares rose to new peaks helped by improved corporate results and news that the local economy grew by 7.4 per cent in the second quarter



against 7 per cent in the first. The Straits Times Industrial Index gained 25.87 to close at a record 1,490.09. Stock markets, Page 40

TOKYO: Buying enthusiasm gained momentum sending shares prices moderately higher. The Nikkei average rose 163.27 to 25,282.97 after rising as high as 25,356 in heavy volume. Page 40

LONDON: UK security markets regained confidence and moved ahead after the announcement of a better than expected figure for June's current account deficit. The FT-SE index gained 33.2 to close at 2,275.4, posting a two-day recovery of 49.2. Details Page 36

GOLD rose $2.25 on the London bullion market to close at $460.75. In Zurich it also rose to $460.75 ($460.00). Page 28

DOLLAR closed in New York at DM1.894, SFr1.574, FFr6.317, Y151.175. It rose in London to DM1.8975 (DM1.8935); to FFr6.3275 (FFr6.3175); to SFr1.5765 (SFr1.5730); and to Y151.70 (Y151.10). On Bank of England figures the dollar's exchange rate index was unchanged at 105.1. Page 29

STERLING closed in New York at $1.573. It rose in London to $1.5700 ($1.5675); to DM2.98 (DM2.9675); to FFr9.9350 (FFr 9.9025); to SFr2.4750 (SFr2.4650); and to Y238.25 (Y236.75). The pound's exchange rate index closed at 145.4. Page 29

HAWLEY GROUP, international services company headed by Mr Michael Ashcroft,is planning a major break-up of its Canadian-held interests, aimed at realising at least £330m($528m). Page 20

WAL-MART Stores, southern group poised to overtake J.C. Penney to become the third largest US retailer, has reported a better-than-expected 40 per cent rise in profits on a 35 per cent surge in sales for the second quarter. Page 21

BITTER DISPUTE between Silicon Valley neighbours Intel and Advanced Micro Devices over microprocessor licensing has escalated with Intel now seeking revocation of AMD's rights to manufacture some of Intel's most widely-used microprocessors. Page 21

MELLON BANK, Pittsburgh banking group which has been tarnished by heavy loan losses, is to reduce its 19,000-strong workforce by some 10 per cent in an effort by new management to reorganise the troubled group. Page 21

STATOIL, Norwegian state oil company, posted half-year profits of NKr 4.3bn($625m) - a 40 per cent increase on the corresponding period last year. Page 23

CANADIAN PACIFIC, Montreal-based transportation and energy resources group, posted a sharp turnaround in second-quarter and first-half results.

Britain, France dispatch six minesweepers to Gulf

BY OUR FOREIGN STAFF

BRITAIN AND France yesterday ordered six minesweepers to sail for the Gulf to help protect their warships in the region following the discovery of mines outside the waterway off the coast of the United Arab Emirates.

In London, Mr George Younger, British Defence Secretary, announced that four Hunt class minesweepers and a support vessel would join Britain's two-ship Armilla patrol, which escorts British-flag tankers up the Gulf as far as Bahrain. The minesweepers will take about five weeks to reach the region.

At the same time in Paris Mr Andre Giraud, the French Defence Minister, said France would dispatch two minesweepers to "reinforce" the French naval presence in the region. The aircraft carrier Clenenceau and three other vessels are in the Gulf of Aden en route to the Persian Gulf.

The British Labour Party condemned the Government's decision to send the minesweepers because it exposed the UK to a situation outside its control. It said the move amounted to a "U" turn on its position of 11 days ago not to accede to US requests to assist in minesweeping.

The decisions appear to mark the first concrete sign of co-ordinated allied action on the Gulf, and bring a further increase in the already large number of foreign warships in and around the Gulf at a time of rising tension. The US, which will have 24 ships and 15,000 military personnel in the region in the next few weeks, warmly welcomed the British and French moves.

ON OTHER PAGES

● Hard task ahead for minesweepers; US seeks international naval force; insurers raise shipping rates for Gulf of Oman; White House welcomes British ships; France reinforces naval squadron, Page 2
● Editorial Comment: The Soviets and The Gulf, Page 18
● US-Iran fight compensation claims on legal battlefield, Page 20

Mr Caspar Weinberger, the US Secretary of Defence, raised the possibility of an international minesweeping force that would swing into action anywhere in the world if there existed a threat to commercial shipping from mines.

The US, which is short of minesweeping capacity, supports the idea of a Western minesweeping consortium to act as a backup to its naval task force engaged in escorting and protecting eleven Kuwaiti oil tankers running up and down the Gulf.

But British officials in Washington played down the idea that an international co-ordinated effort was imminent, saying that the UK preferred to work on an informal basis with the Americans in the Gulf and did not want to operate under a long chain of command. An international effort also raised the question of whether the Soviet Union should be included, an official pointed out.

The decision by Britain and France to send minesweepers to the Gulf comes little more than a week after five European countries, including Britain and France, flatly rejected a US request for assistance. This followed the damage inflicted by a mine on the reflagged Kuwaiti supertanker Bridgeton during its first voyage through the Gulf under US naval escort.

However, both Mr Younger and his French counterpart emphasised yesterday that the minesweepers were being sent purely to assist British and French warships, and not as a response to US pressure on them to assume broader responsibilities. The role of the Armilla patrol, which consists of two frigates backed up by a destroyer outside the Gulf would remain unchanged, though Mr Younger said Britain would like to see those of its allies with "suitable assets" make a contribution to Gulf minesweeping.

The British minister said the decision had been prompted by the mining of the Panamanian-registered oil tanker Texaco Caribbean in the Gulf of Oman off Fujairah on Monday, which represented an expansion of the dangers faced by Gulf shipping.

Three more mines were discovered yesterday floating in the same region. It is being widely assumed that Iran is responsible, though Tehran radio yesterday suggested that the mines may have been planted by the US.

Reaction from the other European countries approached by the US for assistance was mixed. The Dutch Foreign Ministry said it would support an international flotilla under a United Nations flage. The West German foreign ministry said the decisions were a British and French matter. It said Bonn was continuing to concentrate its attention on diplomatic efforts over the Gulf in the United Nations Security Council, of which West Germany is the chairman, though it would do what it could to fill any gaps in Nato minesweeping capacity left by the British and French vessels.

The United Nations Security Council was due last night to resume private deliberations on the Gulf war following its call three weeks ago for an immedi-

Continued on Page 20

S Africa drops colour bar ban on black miners

BY JIM JONES IN JOHANNESBURG

THE LARGEST gold and coal mine strike in South Africa's history, involving at least 220,000 black workers, went into its second day yesterday with violence reported at several mines. One working coal miner was said by his employers to have been murdered.

Meanwhile, "job reservation" or the colour bar has been dropped without fanfare at South Africa's mines. The move, one of the most significant for decades, passed almost unnoticed as attention has focused on the strike of between 220,000 and 340,000 black miners.

Late on Monday, parliament voted to abolish the definition of "scheduled person" contained in the Mines and Works Act which has effectively debarred blacks from occupying supervisory line positions at mines for over 75 years. In future, all races should have access to all mining jobs.

Officials of the black National Union of Mineworkers, which called the strike, said yesterday that at least 14 miners had been injured and 15 members of local strike committees arrested. But Mr Johann Liebenberg, the Chamber of Mines' labour adviser, said that few cases of violence or intimidation had been reported and that the Chamber was particularly happy that violence had not escalated.

By late yesterday afternoon, neither side was preparing for talks about a return to work. The Chamber is sticking to its earlier position that once the wage increases it has granted are accepted by black miners it would be prepared to talk about other improvements to the men's terms of employment.

Mr Cyril Ramaphosa, leader of the NUM, has restated his union's position that it is prepared to resume talks on wage increases at any time. There are no official estimates of the strike's effect on gold production, although it seems that about half of the industry's total production capacity has been made idle.

A crucial strike vote was due to be held at the Rand Refinery yesterday. The refinery processes all the country's gold and if it is shut the production of pure, saleable gold would be halted almost immediately.

Mr Liebenberg's views on the level of violence are contradict-

Continued on Page 20

London trade figures carry markets higher

BY JANET BUSH IN LONDON

LONDON FINANCIAL markets yesterday continued to recover from their dramatic losses last week, responding positively to news that Britain's trade deficit had narrowed considerably in June from May's substantial shortfall.

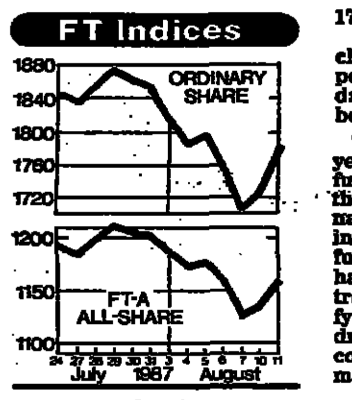
The Department of Trade and Industry said Britain's visible trade showed a deficit of £768m ($1,228m) in June compared with the high of £1.13bn in May.

Although this was in line with expectations, markets were still visibly relieved after last week's concern that the figures could be much worse in view of the Government's decision to raise interest rates by one percentage point.

It now appears clear that the decision to raise rates was based genuinely on a judgement of domestic monetary conditions and concern to pre-empt a build up of inflationary pressures in the economy.

Markets have now switched focus to tomorrow's figures for unit wage costs and average earnings and will then turn their attention to next Thursday's money supply figures for July for more pointers to monetary conditions.

Mr John Banham, director-general of the Confederation of British Industry, hailed yesterday's trade figures as evidence that market worries about the economy overheating were unjustified.



"For the stock market to react to the Chancellor's recent moves by wiping off share values the equivalent of almost six months' gross trading profits for the whole economy in two days can only be described as short-termism of the worst kind," he said.

Yesterday's trade figures and Monday's better than expected statistics for industry's costs and prices have helped the equity market to a two-day recovery of 49.2 points on the broad FT-SE 100 index. The index closed 33.2 points up yesterday at 2275.4, while the FT Ordinary index gained 30.0 to close at 1772.0.

UK government bond prices closed with gains of up to ¾ point, leaving yields on longer-dated stock still only a whisker below 10 per cent.

The immediate reaction to yesterday's figures was confused by chaotic conditions on the London International Financial Futures Exchange. An incorrect price for the long gilt future contract appeared to have been fed into Liffe's electronic system, completely mystifying traders and leading to a dramatic, temporary fall in the contract which unsettled other markets.

Sterling's trade weighted index closed unchanged from its opening at 72.2, up on Monday's 71.9 close. It closed at DM2.9800 compared with Monday's closing DM2.9675 and at $1.5700 after $1.5675.

Although yesterday's figures provided evidence that May's sharp deterioration in the trade balance had been something of an aberration, they nevertheless confirmed some worrying trends.

The export boom seen at the turn of the year appears to have run out of steam and imports, after being relatively depressed early this year, have picked up sharply.

Lex, Page 20; London stock market, Page 36

UK bank increases presence on Wall St

By David Lascelles, Banking Editor, in London

LLOYDS BANK of the UK is to increase its Wall Street presence by buying a 25 per cent interest in Weiss, Peck & Greer, a New York investment management firm, for $67.5m (£43m).

It comes a week after National Westminster Bank's $820m acquisition of First Jersey National, New Jersey's fourth largest bank, and underlines the continuing strength of UK bank interests there, even though several UK financial institutions have been forced to withdraw because of problems.

The stake, which it will have the option of increasing to just under 50 per cent when US banking regulations allow, would give Lloyds an opportunity to build a larger presence in the US investment market, said

Continued on Page 20

S Korean minister warns strikers

BY RICHARD GOURLAY IN SEOUL

SOUTH KOREA'S Labour Minister yesterday warned of government intervention if the country's economy was threatened by the current wave of labour unrest and forced temporary closures.

Mr Lee Hun-ki's statement signals a departure from the Government's previous policy of letting employees and management settle disputes, but he did not elaborate on what form intervention might take.

It follows a burst of strikes in the two weeks after President Chun Doo Hwan bowed to opposition demands for democracy.

Mr Lee said the strikes have cost the country $55m in lost exports and $125m in lost production. He urged management to accept as many of the demands as possible and called on employees not to demand immediate improvements in wages and conditions.

Over 140 companies, including Samsung Heavy Industries and Daiwoo Motor Corporation are now affected by disputes which, until recent moves towards introducing democracy, were almost unknown.

Opposition leaders have also called for restraint. They fear that the transition to democracy might be jeopardised by the strikes, but calls for moderation appear to have gone unheeded.

The strikers' demands relate as much to improving working conditions as increasing wages. Employees in some companies, such as the Korea Heavy Industries and Construction Company, have demanded the resignation of their union leaders as part of a settlement claiming that the existing officials are "pro-management". Industry unions are banned by law.

The Hyundai Motor Company resumed production on Monday after a four-day stoppage, but have threatened to strike again in a week unless the company produces improvements in salaries and working conditions.

The pro-government federation of unions says Koreans work more hours each week than any other nation and can earn as little as $120 a month.

Curbs eased on sale of personal computers to the Eastern bloc

BY PAUL BETTS IN PARIS AND LOUISE KEHOE IN SAN FRANCISCO

EXPORTS OF personal computers from the West to Eastern bloc countries are to be liberalised by the 15-nation Paris-based Coordinating Committee for Multinational Export Controls next month.

Cocom officials said the move was part of the constant updating of the Cocom list of Western products, the export of which to Communist countries is tightly vetted.

It also reflects the committee's efforts to slim down and streamline its extensive list of restricted products by removing equipment deemed of little if any strategic significance. This streamlining is designed to make controls on restricted products more effective and enforceable by narrowing down the number of products on the list to enable tighter monitoring of strategic exports.

Cocom has been conducting a detailed review of the extensive computer section on its list since last November. After two rounds of discussions in November and May, the committee agreed to relax exports of personal computers with eight-bit processing power. Previously, only a few low- performance models had been made available.

The abolition of existing export restrictions on these computers is now due to be formally ratified by Cocom at a meeting next month in Paris.

For Western personal computer makers, liberalisation of Cocom regulations represents a major new market opportunity. Details of the new Cocom list, which have yet to reach the largest personal computer makers in the US, will determine the extent of the liberalisation.

Cocom is also expected to remove export restrictions on more powerful 16-bit computers for the first time. Eight-bit personal computers include such popular and widely available machines as the Apple II computer.

Lifting of export control on 16-bit personal computers may enable the Soviet countries to purchase machines such as IBM's popular PCXT and, perhaps, the more powerful IBM PC AT, which is widely used in business applications.

Western personal computer manufacturers have long argued that the wide availability of these machines in stores throughout the world makes control absurd. What is more, Soviet bloc electronics entities are also believed to be producing equivalent products.

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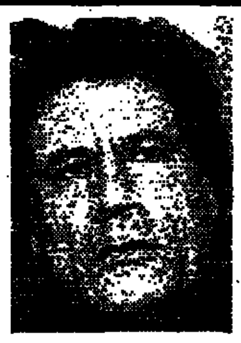


PUSHING LIBYA BACK ONTO THE OFFENSIVE

Col Gadaffi, whose reputation is being sorely tested by defeats in northern Chad, Page 2

THE GULF CONFLICT

DEADLY WEAPONS ARE EASY TO LAY

Hard task ahead for minesweepers

BY ANDREW GOWERS, MIDDLE EAST EDITOR

"AS LONG as the superpowers retain a military presence in the Gulf, it will remain full of mines," warned Mr Mir Hussein Mousavi, the Iranian Prime Minister, the other day.

The US and other countries with warships in the region have been aware for some months of the dangers posed by mines laid in the deep-water shipping channels leading to Kuwait.

Iran freely admits laying mines in the Gulf, though it implies they have been restricted to the immediate war zone and says that Iraq is responsible too. In the three months before the beginning of this week, five ships had hit mines in the northern reaches of the Gulf.

But the sixth casualty—the Panamanian-registered Texaco Caribbean, which hit a mine off Fujairah in the Sea of Oman on Monday—was in a different league altogether and set alarm bells ringing throughout the world shipping industry.

Nobody expected to find mines outside the Gulf, least of all in an area which the world shipping industry had come to regard as a relatively safe haven for ships waiting to proceed into the waterway or to transfer cargoes for onward shipment. At any one time, about 60 ships are anchored off the United Arab Emirates port of Fujairah.

Planting mines — many of them apparently quite old and unsophisticated but lethal none the less — has been a key part of the pressure Iran is putting on Kuwait to stop providing Iraq with financial, logistical and other support in the Gulf war. They have also been used as timely warnings from Tehran to both the US and the Soviet Union against stepping up their assistance to Kuwait.

Soon after Moscow agreed to charter three tankers to the Kuwaitis to help them ship their oil earlier this year, a Soviet merchant ship hit a mine. And on its first voyage through the Gulf under US naval escort more than two weeks ago, the reflagged Kuwaiti supertanker Bridgeton was punctured in a similar humiliating fashion. It is still sitting at anchor off Kuwait before limping back down the Gulf for repair in Dubai drydocks.

"Neither of these incidents was in the least coincidental," commented a senior Western diplomat at the time.

Mines have special attractions as a weapon. For one thing, they are very easy to lay. The North Korean models which Iran is said to have at its disposal can be dropped off the back of any simple or apparently innocent craft such as fishing boats.

They are extremely difficult, if not impossible to provide foolproof protection against. Once one lot has been cleared, another consignment can easily be deposited under cover of darkness from the myriad tiny islands and oil platforms which the Iranians use as makeshift bases up and down the Gulf.

Most important, it is difficult to point the finger for certain at the culprit. Iran has made much, since the Bridgeton was hit, of the "invisible hand" which it said humbled the Americans. Washington seemed to agree directly afterward when it said it would not retaliate, since it was not sure who was responsible.

Mousavi: full of mines

There was similar uncertainty over who was to blame for the mines in the Sea of Oman. If they are Iranian, it seems strange that the first of them should hit a vessel carrying Iranian crude, as the Texaco Caribbean was. On charter to a Norwegian company, the tanker had just loaded up with oil at Iran's Larak Island export terminal before it was hit. There were even suggestions yesterday from Tehran that the mines might have been American — aimed at Iran's oil lifeline.

However, it seems much more likely that they were planted by Iran in an attempt to harass the US convoy. The UAE coast has been used by the five Kuwaiti tankers so far flying the American flag as a mustering point before they proceed through the Strait of Hormuz and into the Gulf. Where better to damage them than the place hitherto considered the safest?

The trouble is, as the British and French vessels dispatched yesterday are likely to discover, that while clearing mines from deep water channels is difficult enough, keeping a vast stretch of open sea safe for navigation is quite a different matter. Floating mines set adrift in open waters could fetch up anywhere—and can be roughly directed if the planter is aware of tidal and wind movements.

The sending of British and French minesweepers to the region raises an additional danger at a time of unprecedented general tension following Iraq's resumption of raids on economic targets in Iran this week. Iran has been bitterly critical of the presence of foreign warships of all nationalities in the Gulf, and warned Britain and France against boosting their fleets.

If the "tanker war" which has damaged well over 300 ships in recent years starts once again in earnest, as it seems quite likely to do, they, too, could be in the firing line.

White House welcomes British ships

BY SIMON HOLBERTON

THE REAGAN Administration yesterday welcomed Britain's decision to send four minesweepers to the Persian Gulf and the statement by White House spokesman Mr Marlin Fitzwater that others might similarly respond was prophetic. France announced soon afterwards that it would dispatch two minesweepers to join its aircraft carrier Clemenceau.

In Britain Opposition parties reaction was mixed. The Labour Party condemned the move, while Dr David Owen, the former leader of the Social Democrats applauded the Government's decision.

In The Hague a foreign ministry spokesman said the Netherlands would be prepared to join a multilateral force sponsored by the United Nations. "Naturally our main hope is for a ceasefire," he said.

At the same time the US sought to increase pressure on the allies to co-ordinate their minesweeping activities, and said the US was seeking the support of an unspecified number of nations to join an international naval force.

Mr Caspar Weinberger, the US Defense Secretary, said yesterday it was in the interests of all maritime nations to participate in an international force.

An US official said the incident on Monday, where the Texaco Caribbean was struck by a mine in the Gulf of Oman, was the first such incident that far south of the Gulf, and coupled with the discovery of at least four other mines in the area, may have galvanised the Europeans into action. He said: "We have said for some time that there was a full-blown threat to international shipping, more so than some people seem to have realised."

According to the Foreign Office there is no connection between the decisions of the British and French governments to dispatch minesweepers to the Gulf. It was a "coincident, if welcome" move

Officials took pains to emphasise that the UK decision, taken yesterday morning, was in response solely to the discovery of mines outside the entrance of the Strait of Hormuz, and the need to protect British naval assets in the form of the Armilla Patrol.

According to officials, Britain still remains agnostic over the idea of a multi-lateral minesweeping force in the Persian Gulf. Britain's preferred position was for nations with an interest in ensuring the safety of the Gulf's waters to act on their own initiative.

US seeks to create international naval force

By Lionel Barber in Washington

THE US yesterday welcomed the decision by Britain and France to send minesweepers to the Gulf, saying it backed American claims that mines in the area posed a threat to international shipping.

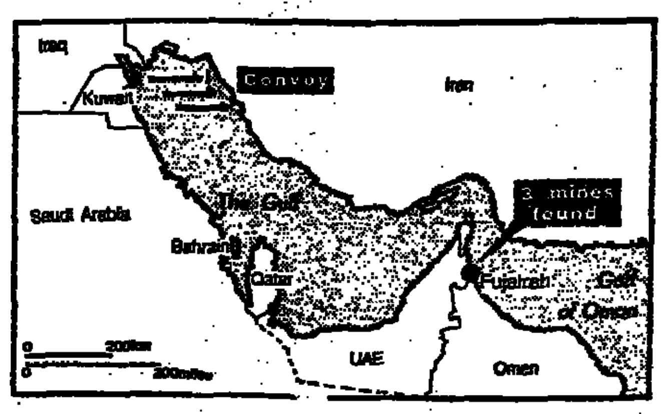
Mr Caspar Weinberger, US Defence Secretary, seeking to capitalise on the move, said the US was trying to convince a number of unidentified nations to join it in creating an international naval force to be dispatched anywhere around the world, including the Gulf.

Though the British stressed officially that the four minsweepers would back up the small UK naval task force in the area, the Armilla Patrol, it is recognised that they will be very useful to the large US naval presence supporting the Kuwaiti reflagging operation.

The reversal of Britain and France's earlier rejection of a US request for minesweeping help in sweeping the strategic Gulf waterways followed one day after the 274,347 tonne supertanker Texas Carribean struck a mine eight miles off Fujairah, 30 miles south of the Straits of Hormuz in the Gulf of Oman.

A US official said this incident, coupled with the discovery of at least three other mines in the area, may have galvanised the Europeans into action. He said: "We have said for some time that there was a full-blown threat to international shipping, more so than some people seem to have realised."

British officials in Washington stressed that the decision was in response to specific changes "on the ground" and not to American pressure for help. Britain is still apparently wary of US suggestions that it should form part of an international minesweeping force. The British statement stressed that the four minesweepers' task was to back up the royal navy's Armilla Patrol, comprised of a destroyer, two frigates, and a support ship which is protecting UK ships in the area.



Insurers raise rates for Gulf of Oman

LONDON SHIP insurers yesterday confirmed they had introduced war risk premiums for ship hulls in the Gulf of Oman southeast of the Strait of Hormuz, Reuter reports.

Vessels sailing to the United Arab Emirates ports of Fujairah and Khor Fakkan must now pay a war-risk premium of 0.125 per cent of the insured value of the ship's hull, insurers said.

Until now underwriters have tended not to charge an additional premium for ships waiting off the Omani coast before entering the Gulf.

Marine insurers were forced to review war risk premiums after the US-operated supertanker Texaco Caribbean hit a mine off Fujairah on Monday and three more mines were sighted yesterday in the same area.

War-risk premiums for ships sailing into the Gulf were also being reviewed in the light of recent events and there was a strong possibility they would be raised, marine insurance brokers said.

Insurers will decide individually whether to apply the new rates since there is no official war risk rating committee for ship hulls.

War risk premiums for vessels going to Kuwait are currently 0.5 per cent of insured value of the ship's hull for a 14-day voyage, while ships sailing to Gulf ports outside Iran, Iraq and Kuwait pay 0.25 per cent. Vessels bound for Iran and Iraq are assessed individually per voyage.

War-risk rates for cargoes in the northern Gulf were raised only last week, but would remain under constant review after recent events, brokers said.

France reinforces Indian Ocean naval squadron

BY PAUL BETTS IN PARIS

THE FRENCH Government announced last night the dispatch of two minesweepers to the Gulf shortly after Britain also said it was sending four minesweepers to the troubled area.

Mr Andre Giraud, the French Defence Minister, said France had decided to send two minesweepers to reinforce its naval squadron in the Indian Ocean. France had dispatched its Toulon-based naval squadron which includes the aircraft carrier Clemenceau at the end of last month. It has just arrived in the Indian Ocean.

Earlier yesterday, Mr Charles Pasqua, the Interior Minister, had said on French radio that France was not envisaging any special minesweeping operation in the Gulf. However, Mr Giraud, back from a visit in the US, told reporters a little later that the Government had decided to send two minesweepers.

In his radio interview, Mr Pasqua said France had sent its Toulon naval squadron to the region to "defend our interests and our flag." He added that France did not intend to "escort" French ships but to "assist" them if they needed help. Later, Mr Giraud said the decision to send the two minesweeping vessels was designed to "reinforce" the French naval squadron in the Indian Ocean.

Response to ceasefire call by UN promised

IRAN WAS due to respond late yesterday to the United Nations Security Council's demand for an immediate ceasefire in the Gulf war, according to Mr Javier Perez de Cuellar, the Secretary-General, Reuter reports from New York.

He made the announcement after briefing the Security Council at a private meeting on his efforts to implement a resolution calling for an end to the fighting.

Mr Perez de Cuellar said he had informed the 15 Council members of his contacts with Iran and Iraq and "my discussions with Iraq and lack of discussions with Iran." Given the serious situation in the Gulf, he did not believe a delay in implementing the July 20 resolution was in anybody's interests and had asked the Council for guidance.

"The choice is not between confrontation and appeasement, the choice is giving peace a real chance or continuing to use force to pursue ones own aims," he said.

The Iranian delegate, Said Rajiae Khorassani, had telephoned him yesterday, he said, to say he had received a response from his Government to the Council resolution and proposed to deliver it later in the day. There was no immediate indication what the reply might be, but diplomats did not expect it to be entirely negative.

Asked about the possibility of an arms embargo against Iran if it continued hostilities in the Gulf, the Secretary General said this was a matter for the Security Council to decide.

He said he had always been ready to make a peace mission to Iran and Iraq but had needed assurance one would be productive. He noted that Iraq had sent its foreign minister to New York to see him and understood that an Iranian deputy foreign minister would attend a UN conference here next week and meet him.

Mr Perez de Cuellar added that it would be premature to consider flying the UN flag on ships in the Gulf.

OTHER OVERSEAS NEWS

Arms amnesty offered to Sinhalese rebels

BY MERVYN DE SILVA IN COLOMBO

A GENERAL amnesty for dissident Sinhalese, outside the India-Sri Lanka accord, came into force in Sri Lanka yesterday.

The Government has said anyone possessing firearms would be offered a unconditional amnesty if they surrender them.

The offer is clearly directed at the proscribed Peoples Liberation Front (JVP) a rabidly pro-Sinhala, anti-Indian organisation which has recently raided police stations, army camps and military establishments, including the air force base near Colombo, and seized weapons. The JVP, then a Guevarist' youth group, launched an insurrection in 1971 against Mrs Bandaranaike's Government in which 10,000 young Sinhalese were killed.

It is estimated that 112 weapons, including submachine guns and automatics, have been taken in JVP raids.

The Government has also asked owners of licensed firearms at their offices or homes without trained security personnel, to hand them over

Mr Lalith Athulathmudali, the national security minister, said in an interview that parliament did not have to approve international agreements. But the government had to present a bill on matters in the accord which changed domestic law.

Two main areas require special legislation:

- First the creation of provincial councils and elections to them, and the merger of the north and east for an interim period, with a referendum in the east at the end of one year.
- Second, recognition of Tamil and English as official language. It will now share has been the island's sole official languages.

The Supreme Court will have to rule whether the bill needs a simple majority, a two-thirds majority or a two-thirds majority and a national referendum.

Group claims it set off Tunisian hotel bombs

BY FRANCIS GHILES IN TUNIS

A GROUP called "Jihad Islamique" has claimed responsibility for four bombs which exploded in hotels at the resorts of Sousse and Monastir on the night of August 2 and 3.

The Movement de la Tendance Islamique, the oldest and most important Islamic party, yesterday strongly denied involvement and reaffirmed its belief in peaceful means of political change.

The authorities, however, insist the MTI is responsible for the bombs and they are looking for Mr Hamadi Jebali and Mr Salah Karkar, two senior members of the movement, among others.

An undisclosed number of people have already been arrested in connection with the bombings and photographs of four suspects have been published by the Tunisian press.

The tourist season continues undisturbed except for the more visible security outside a number of hotels. A record number of visitors are in the country this summer.

FINANCIAL TIMES
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R. A. F. McClean, G. T. S. Damer, M. C. Gorman, D. E. P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albino, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1, © The Financial Times Ltd, 1987.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Israel told of Lavi tax threat

By Andrew Whitley in Jerusalem

A SENIOR Israeli Cabinet Minister has warned that persisting with the country's Lavi combat aircraft project would result in substantially higher taxes, and an end to hopes of revived economic growth.

Mr Moshe Nissim, the Finance Minister, a committed opponent of the controversial advanced aircraft, was speaking after two powerful parliamentary committees had voted unexpectedly heavily in favour of putting the Lavi into production.

After repeated postponements, the full Cabinet is scheduled to reach a final decision on the $8.5bn project next Sunday.

Despite continuing US pressure for its cancellation, the balance within the coalition government now appears to be coming down in favour of going on.

"If the project is continued, it will mean a budget deficit, a balance of payments deficit, higher taxes and inflation, and a return to the (bad) old days," said the exasperated Finance Minister.

Dismayed officials said privately the additional tax burden for each family could amount to as much as £2,000.

US envoy in Israel

Chances of a breakthrough in the current deadlock between the Reagan Administration and the right-wing Likud party in Israel over the proposed international peace conference for the Middle East have dimmed following talks a special US State Department envoy has held with Israeli leaders, Andrew Whitley reports.

Mr Charles Hill, an executive assistant to Secretary of State George Shultz, is due to hold a second round of talks today with Prime Minister Yitzhak Shamir, the Likud leader. But there is considerable pessimism here over the possibility of changing Mr Shamir's adamant rejection of the conference proposal. Mr Hill was despatched ostensibly to sound out the Prime Minister on the exact extent of his opposition.

Joan Wucher King assesses the impact of last weekend's thrust into the Aouzou strip

Chad assault puts Gadaffi to the test

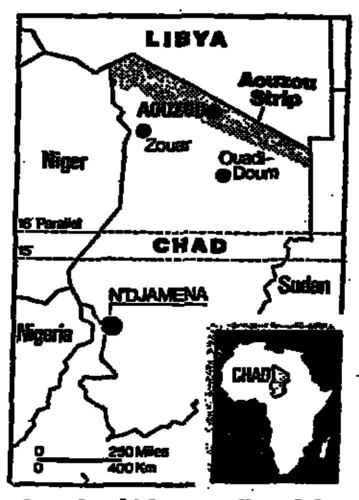
CHAD's thrust into the Aouzou strip this weekend provoked a sharp Libyan counter-attack, and no wonder. After 16 years of attempts to manipulate the military and political situation in Chad, Libya has now been pushed back to its own borders. With the exception of the remaining supporters of Acheikh Ibn Oumar, head of the Conseil Démocratique Révolutionnaire Libya has also lost its dominance of Chad's rebel forces.

Libya's decline in Chad has been swift. In a major assault earlier this year, the army of Chad's President Hissene Habré, aided by defecting rebel troops, drove Libya out of northern Chad to the border of the Aouzou strip. At the time that offensive was completed, a question remained over Chad's ability to press onwards into the strip itself, which Libya annexed in 1973.

Control of Aouzou has more than symbolic importance for Col Muammer Gadaffi. He based his country's claim to this band of mountainous desert terrain on agreements between the French and Italian governments during their period of colonial control. These agreements were never ratified, however, and when Libya gained its independence in 1951 the Aouzou strip was assigned to Chad with the consent of Libya's King Idris.

Although the Aouzou region has never been surveyed, Gadaffi, convinced by rumours that it contained uranium, saw it as an ideal source of supply for the nuclear reactors he planned in the 1970s. Taking advantage of Chad's domestic instability, Gadaffi invaded the Aouzou strip in 1973. Since then, the Libyan government has constructed an airbase near the main town, Aouzou, as well as two smaller military emplacements. With the steady increase in Libyan backing for rebel forces in Chad after 1975 the Aouzou strip became an important command and supply centre for Libyan adventuring in Chad's civil war.

Colonel Gadaffi



President Hissene Habre

Libya backed Oueddei's Forces Armées Populaire before, during and after his period in power. With their support, the FAP made steady progress against the government of President Habré until the French intervention in August 1983. In January 1984, France declared the 16th parallel to be an exclusion zone, effectively partitioning the country between the Libyan-backed, rebel dominated north and the south, under President Habré's control. In September of that year, Libya and France agreed on a mutual troop withdrawal, which was effected by France but largely ignored by Libya.

The political turmoil in Chad dates back to mid-1960s, when Hissène Habré and Goukouni Oueddei formed FROLINAT, a united rebel front seeking to oust President Tombalbaye from power. The two rebel leaders co-operated until 1976, when they split over a peace offer from the new government of President Malloum Habré made peace with the central government two years later and became Prime Minister.

Habré soon fell out with President Malloum, and joined Oueddei's forces at the latter advanced on Ndjamena in January 1979. Oueddei formed a government in March of that year, but his alliance with Habré disintegrated. Habré was in open rebellion by the autumn of 1980, and retook the capital from Oueddei in June 1982. Oueddei and his supporters fled north.

The unexpected defection of Goukouni Queddei from his alliance with Libya last October marked the beginning of the collapse of anti-government forces. Despite Oueddei's detention in the Liberian capital Tripoli, his forces switched allegience to President Habré. With their help a new offensive was mounted against Libyan positions in northern Chad. This ended with the rout of Libyan troops in March of this year. Chad's success on the battlefield was an obvious temptation to President Habré to press north yet again, and finally rid his country of Libya's presence.

Libyan defeats in Chad have had domestic repercussions for Gadaffi, not least among his own military. The former Libyan commander of the Fada garrison in Chad, Muhammad Abbas al-Mabruk, and 50 officers were tried by a Libyan military court in April of this year.

The Libyan military is closely supervised by Gadaffi and those members of his revolutionary junta who have lasted the course of his 18 years in power, particularly Col Abu Bakr Yunis, his Chief of Staff. Gadaffi is taking no chances, and has moved the command centres of all his services, including the navy, to the remote desert centre of Houn.

Gadaffi has continued to strengthen the role and spread of the Popular Committees, the most democratic institutions in he centrist state. To date the Committees have been supportive of the campaigns in Chad, but the deterioration of Libya's position there contains the risk that disaffection might spread from the already restive military.

Chad's government may have a hard time maintaining control of the Aouzou strip without external help if the Libyans employ the whole of their considerable military weight in the region. In addition to their base at Sebha, the Libyans have another large military installation at Maaten es-Sarra, about 100 kms notrh of the town of Aouzou.

Given France's reluctance to defend Chad's advance, control of the strip may well come down to a test between Chad's highly mobile and effective army units and Libyan air power.

The Libyans have used mobile air strips to good effect in the past. They can do so again if Col Gadaffi determines that Aouzou is where he must stand to defend his reputation in the area and among his own people.

Rash of Aboriginal jail deaths to be investigated

BY CHRIS SHERWELL IN SYDNEY

A JOINT federal-state Royal Commission is to investigate the recent high rate of Aboriginal deaths in Australian jail cells, the Canberra government announced yesterday.

The decision, made at the first Cabinet meeting of the newly re-elected Labor Party Government, follows a storm of controversy over the apparent suicide of an Aboriginal man in a New South Wales jail last week—the 16th death in custody since last December.

Altogether a total of 46 Aboriginals and Torres Strait islanders have died in custody since 1980. The trend has brought mounting calls for a Royal Commission from Aboriginal groups and fuelled growing Aboriginal discontent at plans for major celebrations next year of the 200th anniversary of white settlement in Australia.

The Royal Commission will look into all of the deaths of Aboriginals in police custody or detention since 1980, and at subsequent actions by the authorities, Mr Gerry Hand, the Minister of Aboriginal Affairs, said yesterday.

A meeting of police and justice ministers from each of Australia's states will also be convened to examine procedures of detention, he said, to see if they need to be tightened up.

Many of the detentions and deaths have been linked to deep social and economic problems in the country's Aboriginal communities, particularly in remote areas. Different in culture and religious beliefs and often living separately, they invariably suffer worse living and employment conditions and their relations with whites are generally poor.

Australians yesterday welcomed official figures showing a steady downward trend in inflation, Reuter reports from Sydney.

The rate has been almost halved since the beginning of the year, giving a boost to Prime Minister Bob Hawke's Labor Party Government which was re-elected for a third term last month.

The statistics showed consumer price inflation for the three months to the end of June slowed to 1.5 per cent from 2 per cent in the previous three-month period and almost 3 per cent in December.

Economists said the downward trend reflected the government's tight hold on monetary and fiscal policies

Bank of Spain warns against economic boost

BY DAVID WHITE IN MADRID

SPAIN'S SOCIALIST Government has received a warning from its central bank not to try to boost the economy further, despite signs that a recent growth spurt—putting the country well ahead of its initial 3 per cent target for the year—is slowing down.

The half-year Bank of Spain report, calling for wage moderation and tighter control of public spending, comes as a shot across the bows of the trade union movement, which is due to resume preliminary talks on a framework labour pact next month.

The revival of a labour consensus has become a main concern for Mr Felipe Gonzalez, the Prime Minister, following a series of conflicts earlier this year and setbacks for the Socialist party in local elections in June.

The Bank of Spain said there were grounds for expecting "strong medium term growth without any need for artificial stimulation." This appeared to be a direct response to the Government's statement in the wake of the elections that there might be a "slight adjustment" in economic policy.

Growth during the first half of the year was estimated by the bank at 5 per cent. A 2.5 per cent rate in the second half would be sufficient to achieve 4.1 per cent growth for the year, it said. Investment was expected to grow by 12.5 per cent, pursuing last year's strong 14.3 per cent recovery, and the trade balance would continue to suffer as a result of the strength in domestic demand. Imports were seen increasing by 13 per cent for the year, compared with a 3.6 rise in exports.

This, the bank said, could lead to a $5.5bn increase in the merchandise trade gap, which according to government figures stood at $6.3bn last year. Spain's current account was expected to remain in surplus, however.

The report warned of the risks entailed in trying to maintain growth rates for domestic demand and output sharply above the rest of the European Community.

The central bank put its weight behind the Government's hopes for bringing inflation down to 5 per cent for the year, against 8.3 per cent in 1986.

However, it hinted at a slight easing of the monetary targets which were set at the beginning of the year. These targets, based on a middle rate of 8 per cent for growth in widely-defined money supply, were overshot in the spring, leading the central bank to push up short-term interest rates and to discourage speculative inflows from abroad. In its report, the bank calls for flexibility to take into account the higher-than-expected growth in the economy.

Brokers try to calm fears about Milan bourse

By John Wyles in Rome

ITALIAN BROKERS were last night urging investors not to panic in the face of a further steep fall in the Milan stock exchange which took prices down to their lowest level this year.

After a bull market lasting more than two years, it seems that many investors are becoming seriously alarmed by this month's startling evidence that what goes up can also come down. The public shock has been all the greater since previous Augusts have regularly provided a rising market.

After falling 3.63 per cent on Monday, the largest daily decline since June last year, the Milan stock index closed yesterday at 859, 2.05 per cent down on the day. In six consecutive sessions, the index has fallen by 9.58 per cent and reduced the market's total capitalisation by around L18,000bn (£8.37bn).

It remains to be seen whether signs of a slight recovery in yesterday's after-hours trading survive the demoralising and highly amplified television and newspaper coverage of the market's slide.

Fearing that the decline is feeding off itself, Mr Polituto Boaretto, the manager of equity trading at Banca Nazionale del Lavoro, urged investors in healthy companies to "sit tight and wait."

Explanations for the "cold bath" encompass matters technical, financial and international political. The crisis in the Gulf is triggering fears of ultimately higher oil prices which will damage Italy's clearly deteriorating trade balance.

Until now, the evidence of a growing trade deficit this year has largely been attributable to the difference in growth rates between Italy and its main trading partners. Many foreign as well as Italian investors are, therefore, reacting nervously to rumours of a possible lira devaluation.

Paradoxically, the sense of uncertainty has sharpened since the new Italian Government came into office a week ago. Business as a whole is waiting anxiously for a clear sense of economic direction after many months of drift.

Some analysts believe that the correction is both technical and desirable, removing much of the speculative froth which built up in the market last year. However, with the flow of savings into mutual funds dropping sharply from the levels of 1985-86, there is less money around to underpin the market.

Belgian industry sceptical about tax reform

BY WILLIAM DAWKINS IN BRUSSELS

BELGIUM'S MOST radical tax reform package for 25 years was yesterday greeted with relief by stock market investors, but drew a sceptical initial reaction from industry.

The scheme was agreed a day earlier, following a tense 23-day wrangle between the four parties in Belgium's centre-right coalition Government. It aims to support private enterprise by cutting income tax — to be partly offset by reductions in capital allowances for industrial investment — while reducing the country's burgeoning budget deficit with the help of a limited privatisation programme.

If all goes to plan, the package should reduce the deficit from next year's estimated 8.1 per cent of gross national product to 7.4 per cent. That represents a cut of BFr 15bn (£245m) in next year's budget shortfall to BFr 405bn. The first reaction from the Federation des Enterprises de Belgique (FEB) was that its members were being made to pay too heavily for the scheme and that the deficit cut was inadequate.

Despite industrialists' scepticism, Belgian share prices rose in response to the news yesterday, with the return index — which measures income reinvested and capital gains — up nearly 58 points to 5,332, thereby recovering most of the losses made since the start of the month. However, analysts stressed that was more a reaction to the completion of the long-awaited package than to its precise contents.

"It is more because an agreement on the budget has been reached without a struggle between the parties. Nobody has had time to study the good rather than the perverse effects of the package," said Mr Andrew Beier, senior analyst at stockbrokers Dewaay.

At the heart of the package is a BFr 89bn income tax cut, equivalent to roughly 5 per cent of the Government's total income tax take, to be phased in over the four years from 1989 to 1992. The main beneficiaries will be senior management, who get a cut in the top marginal rate from 72 per cent to 50 per cent over the period, and families with two incomes, where parents will be taxed separately, rather than on their combined salaries. Average tax rates will also come down.

The Belgian Treasury aims to recover around two-thirds — BFr 60bn — of the BFr 89bn income tax giveaway directly. It plans to get BFr 30bn back by widening the tax base to include more privately employed people. The rest is expected to come through higher

In spite of the doubts of industrialists, Belgian share prices rose in response to the news of the tax package.

corporate taxation, including a *cut from 13 per cent to 5 per* cent in capital allowances for new investment and the reduction or ending of a range of other tax-free allowances, a measure which is likely to draw criticism from Belgian industrialists.

"Our members' industrial investment went up by 35 per cent between 1984 and 1987. Now it is possible that when they have to choose between investing here in Belgium and somewhere else, they will choose somewhere else," said a spokesman for the FEB.

Those direct tax recovery measures leave the Treasury short of another BFr 30bn or so if it is to recover the tax cuts fully. This will be at least partly made up by a hoped-for boost in consumption and entreprenurial activity generated by the scheme, Budget Ministry officials said yesterday. But if this fails to materialise, the Government plans to revise the plan in 1991 or 1992.

The largest single part of the deficit cut—BFr 6bn, estimates the Government—will come from partial or total sales of nationalised companies. These include the country's national airline, investment and savings banks and a gas utility. Also proposed is a controversial scheme to raise BFr 3bn by taxing foreign drivers on Belgian motorways.

The scope for tax cuts have been limited by the size of the deficit, while the Government's scope for cutting the shortfall has been equally constrained by the prospect of local elections next year. But while the package is far from revolutionary (the deficit cut goes far short of what Mr Guy Verhofstadt, the Budget Minister, would like to have achieved), most observers accepted that it is a far reaching — even if not quite radical enough — attempt to tackle Belgium's economic problems.

These include an increasing drain on social security payments caused by growing unemployment—up from 5 per cent to 12 per cent since 1973 — and by an ageing population. Domestic consumption has been hit accordingly, while the Government's ability to increase its income tax take has been hindered from the fact that, until Monday's agreement, income tax brackets were not fully inflation indexed.

Industrialists, however, agree with Mr Verhofstadt that the package should have been tougher. The FEB has been lobbying for a much sharper cut in the budget deficit, to around 4.5 per cent of GNP, which it reckons is the minimum needed to stabilise the growth in interest payments on state debt. "We would like more than that — but then we have to accept that 1988 is an election year," said the FEB

Solidarity turns to the courts

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities are coming under pressure from rank-and-file Solidarity supporters intent on securing the right to their own union through the courts. Yesterday a high court judge in Warsaw heard appeals by four groups of workers from four separate factories all of whom have had applications to register as a union dismissed by local courts.

The judge told the crowded Warsaw courtroom that he would deliver a verdict in the cases, three from Torun and one from the Warski shipyard in Szczecin, on August 25.

The case is embarrassing for the Polish courts and the Government as they are legally bound by the Geneva-based International Labour Organisation convention, which allows an unlimited number of trade unions. Polish law has restricted this to one union per factory since 1982.

The high court last January dismissed similar applications from the Szczecin area but other groups, in addition to the four heard yesterday, are preparing to try. The organisers of the cases see them as an effective way of reminding both the Government and shop floor of Solidarity's right to a legal existence.

The applications to register the union also mark a concession by the workers to the authorities in that they recognise the 1982 trade union law which severely limits the right to strike and was condemned at the time by the underground union movement. Clandestine Solidarity cells exist in some of the plants involved but they have not opposed the move.

So far the police have merely questioned the organisers of the applications and only in Szczecin were those involved threatened with dismissal or worse by plainclothes policemen, while some signatories were roughly handled.

Zhivkov seeks to bring party down to earth

BY JUDY DEMPSEY IN VIENNA

THE BULGARIAN Communist Party should abandon megalomania, falseness and ostentation and adopt a more business-like, efficient way of working in order to forge closer links with the society. The new party style was announced by the Bulgarian news agency, BTA, in Sofia yesterday, following sweeping changes in both party and state announced at a party plenum by President Todor Zhivkov.

The new functions of the party were not spelt out at the pleneum, but yesterday it was clear that an overhaul was going to take place within the party's ranks and organisation.

Ceremonies, pomp and "needless advance orchestration" are now to be discarded. Instead, reported BTA, the party must get used to the idea of being opposed on certain issues. During the pleneum discussion, Mr Zhivkov proposed the idea of giving the National Assembly more powers, as well as strengthening what he called "self-managing organisations," which if put into effect, could weaken some of the powers of the party.

Moscow gives ground on chemical arms checks

THE SOVIET UNION said yesterday it had agreed to quick, compulsory checks by foreign inspectors of suspected breaches of a proposed ban on chemical weapons, reversing a position it held only a year ago, Reuter reports from Geneva.

Its chief delegate, Mr Yuri Nazarkin, set out details at a session of the 40-nation Geneva Disarmament Conference of the Soviet proposal for "challenge inspections" of chemical arms sites or production plants at 48 hours notice without right of refusal.

In an initial reaction, a spokesman for the US delegation welcomed the move, saying it indicated the Soviet Union had recognised that such "challenge inspections" must be mandatory to be effective. One Western delegate said privately it brought Moscow's position "as near as a whisker" to a 1984 US proposal for compulsory on-site inspections that the Soviet Union had in the past dismissed as unrealistic, discriminatory and open to abuse for spying.

US-Soviet differences over the inspection issue have for years been the main obstacle to progress towards an international treaty to outlaw chemical weapons and destroy existing stockpiles.

Mr Nazarkin elaborated on a speech to the disarmament forum last week by Mr Eduard Shevardnadze, the Soviet Foreign Minister, heralding Moscow's changed attitude.

He reiterated a call by Mr Shevardnadze for an early conclusion of a chemical arms treaty and proposed that the conference, due to adjourn on August 28, should hold an additional session from mid-November until the end of the year to complete most of the drafting of an accord.

Swedish yuppies learn to open the champagne with discretion

BY SARA WEBB IN STOCKHOLM

IF YOU are a young, urban professional, pushy and rich to boot, you do not boast about it in Sweden. It is not the done thing. That, at least, seems to be the moral of the following story.

A young man of 22 (call him Mr X, since he no longer wants his name in print), worked as an options trader at Jacobson & Ponsbach (known as Japo), one of the leading brokerage firms. He gave a candid interview to the daily newspaper Dagens Nyheter (DN) in which he described his lifestyle and ambitions.

He said he earned SKr 30,000 (£2,900) a month (more than the country's finance minister, the newspaper duly pointed out), likes to meet up with friends in Cafe Opera (a favourite spot among Swedish yuppies and social butterflies, and considered one of the "in" places to be seen), where he occasionally clinches a deal over a glass of beer or a bottle champagne (priced at SKr 608 for a botle of Dom Perigon or SKr 373 for Moët Chandon).

He likes to eat well and loves working at the hub of Stockholm's financial district, an area dominated by the old Wallenberg and Kreuger buildings, the pillars of Swedish capitalism.

"The place smells of money — that's what I first thought when I came here and still do. The building facades radiate power and success," he told DN. His idols and role models include businessmen like the flamboyant Mr Jan Stenbeck (who controls the conglomerate Kinnevik) and the more reserved Mr Eric Penser, who controls the Nobel Industries group.

"It's not my ambition to create wealthy people but to do things for myself," he told DN. In essence, Mr X is not unusual by City of London standards — except perhaps in the size of his pay cheque, which at that level is subject to a tax rates of about 59 per cent. But within a week of giving the interview, he was no longer at Japo.

"The reaction at the company after the article was bad," he said, though he says he had already planned to leave the firm for various other reasons. The article made that choice somewhat easier and he now works at another leading brokerage firm.

In a country which is otherwise blessed with openness, such attitudes appear strange. Yet, as Mr Gabriel Urwitz, who at the time was president of Japo, explained to DN "one does not talk about money and cafe-crawling in this way. It is bad judgment. If you earn a lot of money, you keep quiet about it."

European Diary

Sweden

The Swedes had an old phrase for pushy young men who make their name in the financial world — they were called *unga lejon* or young lions —and included men like Anders Wall, who controls the financial, trading and industrial group Beijer and who showed flair and skill in bringing together a multi-million dollar financial empire.

Today, the young lions and lionesses tend to be called *snabba klippens mean* (for people who make a fast buck) just because they're cheeky and do not always keep quiet about their money.

They tend to be flashy, show a certain amount of individuality and (probably worst of all by traditional Swedish standards) they are ambitious and careerist. Standing out from the crowd is not universally admired here and Scandinavians tend to respect the *jantelagen*, a unwritten law that no one should try to be any better than the rest of the crowd.

"In the past three or four years, attitudes have changed considerably, but you have to remember that this is a socialist country and there is a certain amount of resentment and envy," said one options trader who naturally asked not to be mentioned by name. "Employers here generally tell their employees not to talk to the press about their lifestyle."

If Sweden's younger generation violates the traditional values of society, it is largely due to the blossoming of the financial markets over recent years. The stock market is booming, the options markets (two, rather than just one) *have sprung up in a couple of* years and Mr Kjell-Olof Feldt, the Finance Minister, widely regarded as coming from the right wing of the Social Democratic Party, has won much admiration from the business community for his reforms and moves towards liberalisation and deregulation.

That he has unwittingly helped to create the Swedish yuppy is less appreciated. As one political commentator put it: "Even in the working class there are many who accept a bourgeois lifestyle with a house, car, sailing boat, large credit allowances and significant credit card debts ... Have the Social Democrats lost their overalls?"

Mr Stig Malm, leader of the Swedish Trade Union Confederation (LO), takes a dim view of the financial whizzkids who shuffle megabucks at the touch of a computer key. "It is time for the Government to stop the flow of champagne and take the financial whelps by the scruff of the neck," he told a recent gathering of the Social Democratic Party's youth

He has strongly criticised the "speculation economy" in which money is "shovelled around between the actors on the exchange floor and the Reuters screens" instead of being properly invested to create new jobs

But his real worry seems to be that members of the new generation will adopt a less ethical and moral stand when tempted by large amounts of money at such an early stage in their development. They might start to think more about themselves than about society as a whole or even try to emulate the imported soap opera world so readily served up on Swedish television.

AMERICAN NEWS

US liberals stage $1m fight over Contra aid

LIBERAL groups opposed to President Reagan's pro-Contra policies are mounting a $1m television and lobbying campaign aimed at persuading Congress to reject further aid for the Nicaraguan rebels **AP reports from Washington.**

The effort, spearheaded by the activist groups, Citizen Action, Neighbor to Neighbor Action and Witness For Peace, will feature television commercials urging people to telephone their congressmen. Sponsors say they also will organise groups to travel to Washington and lobby in person.

"It's mobilising public opinion that's there already. In many cases it's latent public opinion," said Fred Ross Jr., director of Neighbor to Neighbor.

The group plans to begin airing its media spots at the end of the month, anticipating that Congress will vote on Contra aid in September.

A $100m Contra aid package runs out on September 30, but it is unclear when the administration will send a new aid request to Congress.

The White House on Monday declined to discuss when the administration would seek more Contra aid, saying President Reagan would "wait and see" the progress of a new peace plan signed last weekend in Guatemala City by the presidents of five Central American nations.

That plan calls for a ceasefire, steps toward democracy in Nicaragua and an end to foreign support for insurgents in the region.

The campaign, called Countdown 87, will target six senators and 23 House members considered swing votes because they do not have consistent voting records for or against the Contras.

Countdown 87 recently conducted so-called focus group studies to learn how the public feels about the administration's support for the Contra rebels fighting the leftist government of Nicaragua.

"There was no enthusiasm for Contra aid," said Countdown 87 spokesman Nick Allen. "People know they want to stop communism, but they don't want to support the Contras to do it."

He said the television ads will raise the spectre of US troops being sent to Nicaragua.

Jim Wright's bold leadership may herald the revival of a bipartisan approach in US politics, writes **Lionel Barber**

Contra gamble pays dividends for brave new House speaker

OUTSIDE the White House Mr Jim Wright, speaker of the House of Representatives, stepped towards the cameras and in these familiar silken tones from Forth Worth, Texas, proclaimed a new bipartisanship between President Reagan and the US Congress on Central America.

Mr Wright's judgment last week may yet be premature, but few doubt that his role in talks aimed at ending the civil war in Nicaragua and El Salvador has been a bold exercise in political leadership.

In three hectic days, Mr Wright won the virtually unanimous opposition of House Democrat colleagues, nudged the five Central American leaders to an outline agreement and shifted the debate in Washington about the region's conflicts away from military to diplomatic solutions.

In the past, the 64-year-old Mr Wright — a keen boxer until well into his 50s — has been accused of leading with his chin. A redhead with a tendency to short-circuit in the face of criticism or dissent, he is not one of nature's diplomats. All of which left the cynics crowing last week that he had walked into a trap laid by his arch-rival Ronald Reagan — a view which certainly misjudges the man and his motives.

Mr Wright has suffered under the presidency of Ronald Reagan. In 1981, when he was House majority leader and next in line to succeed the genial Irish Bostonian Thomas "Tip" O'Neill as speaker, he lamented his inability to swing Democrat votes in the House against the President.

Time and again — on tax cuts and budget policy — he found himself swept aside. "This has been the hardest year I've experienced in the Congress," said the Texan. "If they were all like this I'd have to have my head examined to stay in the job."

When he finally took over as speaker this year Mr Wright, who was first elected to the House in 1954, had some very clear goals. With a Democrat majority back in the Senate after the 1986 mid-term elections, he was determined to fashion a domestic legislative record with Senator Robert Byrd of West Virginia, the Democrat majority leader in the run-up to the 1988 Presidential campaign. It was vital, he felt, for the Democrats to show they could be the party of government.

The Central American peace initiative fits into this category of constructive action, though as one House Democrat said this week privately: "A lot of

Jim Wright: leading with his chin

it has to do with glory. Jim sees his role as someone who makes things happen."

If the gamble was high-profile, it was also certainly high-risk. The Democrats are deeply split on the question of aid to the rightist Contra rebels fighting the Sandinista Government in Nicaragua. While some abhor the idea of the US fighting a war in its own backyard through a surrogate army, others deeply mistrust the intentions of the Sandinistas.

President Reagan, playing on those fears, was able to secure $100m of Contra military aid last year. Mr Wright himself has occasionally wavered. In 1983 when an ascendant White House thought they had him on board, he jumped ship at the last minute (many believe a pro-Contra aid vote would have cost him the speakership) but he has remained consistent in his interest in Central America.

He speaks Spanish fluently, knows the Costa Rican President Oscar Arias and the El Salvador President Napoleon Duarte personally, and has visited the three other states, Honduras, Guatemala and Nicaragua.

After the 1982 elections in El Salvador Mr Wright, breaking with his Democrat colleagues, voted for a renewal of US aid to the Government. At a time when the right-wing death squads in the Salvadoran military were far from forgotten, it was a brave move. But Mr Wright reckoned President Duarte deserved a chance—and today he is ready to credit Mr Reagan with a successful, non-military policy to create demo-

It is doubtful whether Mr Wright was the initiator of the Nicaraguan initiative. Those close to events say that the original approach came from Mr Tom Loeffler, a former Congressman from Texas, recruited by the White House as a lobyyist for Contra aid to replace Mr Elliott Abrams, the abrasive assistant Secretary of State. When the votes were counted, it quickly became apparent that President Reagan had little chance of securing a new round of military aid by September 30 (when the current $100m runs out). Mr Loeffler floated the idea of a peace initiative. Texan talked to Texan, and the word went back to the White House that a bipartisan approach was a possibility.

To Mr Howard Baker—the former Senate Republican majority leader who became White House chief of staff this year —it must have seemed like old times back on Capitol Hill. Of course, both sides made shrewd calculations. According to one account, Mr Baker secured the support of Mrs Nancy Reagan, First Lady, in what was obviously a risky political enterprise. Others say the Democrat strategist in exile—Mr Bob Strauss—was privy to the deal and all agreed it was vital to bring in Mr George Shultz—US Secretary of State—who had just emerged from purdah after his convincing testimony to the Iran-Contra Committee.

Mr Caspar Weinberger, US Defence Secretary, was by contrast left out completely. So too were the Contra leaders themselves, who happened to be in Washington on a lobbying tour for more US aid. Mr Wright's touch of class came with his realisation that a bipartisan plan between President Reagan and Congressional leaders would give impetus to the two days of talks between Central American leaders in Guatemala City, starting on Thursday.

Having checked with the Nicaraguans and the Costa Ricans, he realised that Managua would have great difficulty in rejecting a US plan and the Arias peace plan.

On the other hand, Mr Wright managed to persuade the House minority leader, Mr Robert Michel, that the Republican leadership should follow him. By including Mr Michel in the talks at an early stage—and arguing that the votes simply were not there for Contra aid—he also won over the President.

Equally, many conservatives had little idea that events in Guatemala City would move so fast. They calculated that the diplomatic option would probably fail. Mr Wright and his fellow Democrats would then be cornered and Contra military aid in the bag.

Mr Wright's catalytic role contrasts sharply with the style of the previous speaker, Mr O'Neill, who liked to closet himself for hours with colleagues before moving. If he was a cautious coalition builder, Mr Wright is a decisive if impatient leader.

His reputation this week has undoubtedly been enhanced and he has temporarily consigned Senator Byrd to the wings. What Mr Wright's colleagues now want to know is whether this display of bipartisanship will extend to other, equally important troublespots in US policy-making, notably the bloated federal budget. If Jim Wright has his way, it will.

Bankers grow impatient at Brazilian preoccupation with domestic issues

Ivo Dawnay and **Stephen Fidler** assess the impasse over Brazilian debt payments

If Brazil's bank creditors do not have enough to worry about, then they might consider that—six months after the moratorium on all payments on $68bn in loans—the bulk of the country's political establishment is all but ignoring the debt issue.

Still immersed in the paper mountain thrown up by the new draft constitution, leading politicians and their factions are concentrating instead on a text which for several may make or break their chances of a bid for the presidency.

When Mr Luiz Carlos Bresser Pereira, the Finance Minister, briefed party leaders after his US visit last month, the hostile reaction to any kind of deal with the International Monetary Fund appeared little more than the customary knee-jerk.

Almost certainly this disguised a growing realisation within Brazil that some compromise must be reached. But any hopes that the response was merely tactical brinkmanship can be dismissed. Compromise may be in the wind, but not yet.

For the banks, particularly those from the US, time is ticking inexorably away, however. With no payments of either interest or principal imminent, American bank regulators must decide in October whether to categorise Brazilian loans "value impaired." They could act sooner.

Such a move would force the banks to place a reserve, initially of 15 per cent, against their exposure. It would also markedly escalate tensions between the two sides.

The regulators' decision, following their downgrading of Brazilian loans to sub-standard last March, will be heavily influenced by whether Brazil makes any attempt to catch up on its interest arrears.

New York bankers say that prospects for a new loan and rescheduling agreement—Brazil wants some $7bn in new money for 1987-88—would be severely jeopardised if they were forced to establish new reserves. According to reports in Brazil, in addition to a "menu of options" including debt-to-equity swap programmes, the banks are seeking some $400m —about 25 per cent of unpaid interest—as a goodwill gesture.

Goodwill, while abundant at Mr Bresser's apopintment in April, suddenly seems in short supply. It now emerges that the new minister has been seriously disillusioned both by the strong view he heard on his US visit and the unpromising political climate at home.

Most of all, Mr Bresser appears shaken by the apparently rigid position being taken by sovereign country creditors in the Paris Club and the US Government itself. As one New York analyst put it: "The governments have decided to sacrifice the banks to play tough with Brazil-

Faced with this attitude abroad, and, at least publicly, total intransigence at home, Mr Bresser's conciliatory strategy looks in danger of collapsing. Last week, news that the banks' negotiators were promising smaller creditors of a tough stance, provoked Brasilia to warn that no interest would be paid whatever until foreign reserves recover and real progress emerges in the forthcoming talks.

What has clearly angered Mr Bresser is the lack of sympathy abroad for his strategy of creating a smokescreen around a return of the country to the International Monetary Fund. This rested on the banks accepting that rescheduling talks with them could near completion before the IMF, and the key question of monitoring, was brought into the argument.

Only with this agreed, the minister seems to be arguing, can a compromise, made palatable by favourable terms already outlined with the banks, be sold at home.

Yet the dogged orthodoxy of the Paris Club, the US Government and the lending institutions is now demanding a humiliating Brazilian surrender that, for political reasons, simply cannot be delivered.

That is how it is being seen in Brazil — or at least how the problem is being approached by those who favour an accord. Many analysts believe, however, that both sides are to some extent playing "chicken."

The banks' logic argues that, faced with the creditors' solid front and the advantages of a return to orthodoxy and the IMF — new money and a recovery of much needed foreign investment — Brazil must eventually give way. Others say that, given the country's current, extremely volatile political chemistry, logic does not count for much.

What should justifiably worry the banks is that the debt issue has been left in Mr Bresser's in-tray and is making little serious impact on the national political agenda-

Both for the press, the Congress and President Jose Sarney, himself, a much more absorbing question is the length to be given to the presidential term of office, the resolution of which could conceivably launch elections next year.

While such issues may seem a parochial sideshow to the bankers in New York, now awaiting the regulators, they could have a direct bearing on the debt talks. For if Mr Sarney, who in June appeared

Top US Bank Exposure to Brazil and LDCs* ($bn)

	Brazil	All LDCs
BankAmerica	2.7	10.0
Man. Hanover	2.3	8.4
Chase Manhattan	2.7	8.7
Citicorp	4.6	15.6
Chemical	1.5	6.0
J P Morgan	1.9	5.4
First Chicago	0.75	2.8
Bankers Trust	0.85	4.0
Wells Fargo	0.6	1.9
Security Pacific	0.6	1.9

* Less developing countries
(Source: IBCA)
(Brazil figures as of end-1986, LDC figures as of June 30)

ready to come round to an IMF deal, feels that this will now jeopardise his chances of a five-year term, his mind could change rapidly.

In the interim, as the clock ticks towards October, the credibility of both the banks' portfolios and Brazilian risk grows ever more dubious.

WORLD TRADE NEWS

US Eximbank to offer funds through UK bank

BY NANCY DUNNE

THE US Export-Import Bank and the new trade financing subsidiary of Standard Chartered, the British bank, have joined forces in a unique venture to finance up to $100m in exports to four African nations.

Under the new scheme, Standard Chartered Export Finance (SCEFL) of London will provide $85m in Eximbank loans or guarantees through its worldwide network of 2,000 affiliated companies and offices. The subsidiary banks will act as agents for SCEFL and will guarantee all commercial risks for loans to Cameroun, Kenya, Ghana and Zimbabwe.

Eximbank, drawing funds from its fixed-rate intermediary loan programme, will guarantee all transfer and political risk. The agency says the new funds will enable SCEFL to increase its business in Africa without raising its country exposure.

The unusual marriage of the two parties is a natural pairing, according to Mr Michael Madden, general manager of Standard Chartered. With a century of experience in African lending, "we are one of the few banks which can make use of the credit effectively," he said.

Although Standard Chartered handles several credit lines for the UK, it is the first time it is working closely with Eximbank.

Mr John Bohn Jr, Eximbank chairman, has recently put into place a far reaching overhaul of the Bank's programmes and vowed to increase its competitiveness. He has also suggested that the official export agencies of the developed countries play a larger role in helping indebted nations grow their way out of debt.

The latest scheme, he said, "will help US exporters to penetrate markets that have traditionally been dominated by British or French exporters."

Over the next year, the facility will provide 85 per cent financing for individual transactions of $50,000 to $5m for the sale of US manufactured goods and services. Eximbank said most of the credit is likely to go for construction and agricultural equipment in Kenya, Ghana and Cameroun.

Zimbabwe has already asked for bids for an iron ore project, a cold beef storage plant, an airport expansion and electrical generation equipment for which the financing would be available.

AUSTRIAN AIRLINE BATTLE

Lauda Air flies into headwinds

BY JUDY DEMPSEY IN VIENNA

MAJOR differences have broken out between Lauda Air and the Austrian Ministry of Transport over whether or not the small charter company should be given a licence to fly long distance to Bangkok, Peking and Sydney.

If the licence was granted, it would mean that Lauda Air, the brainchild of the former Austrian grand prix racing driver, Mr Nikki Lauda, would expand beyond the immediate vicinity of the European area for the first time. Such a development would more than demonstrate Mr Lauda's tenacity in sticking with his company ever since he leased his first Fokker F27 aircraft eight years ago. It would also demonstrate his determination to beat Austrian Airlines to the post.

Austrian Airlines, which is owned by the state, is opposed to the Lauda plan, and it has ventilated these feelings at the inquiries and hearings held by the Ministry of Transport.

"We will make a decision now that we have all the information," a ministry official confirmed. "You can expect it sometime around the end of September. What we are looking for is a solution in which Lauda Air will not interfere in the operations of Austrian Airlines."

Lauda—brave move

Austrian Airlines officials are far from pleased with the application by Lauda. "When we announced we would go for a long haul aircraft in 1986, Lauda immediately announced the same thing." Austrian Airlines said. Austrian Airlines makes its first trip to Tokyo in April. "But there is hardly room for one long haul carrier, let alone two," said the airlines official.

But Lauda Air seems determined to press ahead in fighting for the licence. Mr Lauda has already extended his routes to Greece, Cyprus, Israel, Spain and the Canary Islands ending up carrying more than 204,000 passengers last year, an increase of more than a 100 per cent on 1985. His decision to move to the Far East will, however, involve a major investment commitment.

Lauda Air has just bought a Boeing 767-300er which will be delivered in December 1987 and hopes to buy another which wil be financed by seling off about 40 per cent of the company through the Vienna stock exchange when the company will go public, "probably in the spring," said Dr Otmar Lenz, the managing director of Lauda Air.

The airline's profits and turnover plus the revenue which will be raised from the sale of part of the company indicate that Mr Lauda will have enough capital to see him through if he runs into financial problems. Turnover for 1986 amounted to Sch 390m ($32m) and profits of Sch 35m. He hopes for a turnover of around Sch 450m for this year.

Lauda Air says it expects a decision on the licence to be made by the end of this month. "We are planning to fly Bangkok, Peking and Sydney during the first week of April 1988," the company says.

Japanese telecom battle restarts

By Ian Rodger in Tokyo

THE RACE is on again between the two consortia seeking licenses to operate new international telecommunications services in Japan.

The battle was interrupted for several months as Japan's Ministry of Posts and Telecommunications attempted to engineer a merger between the two. In the process, it caused a major row between Japan and Britain because of British fears that the merger discussions were aimed at preventing the emergence of significant foreign participation in the Japanese telecoms market. Cable and Wireless of the UK is a leading partner in International Digital Communications one of the consortia.

The merger negotiations finally collapsed last week and IDC said in a statement Monday it "would like to be prepared to file an application during September." International Telecoms Japan, the other consortium, said yesterday it too was aiming to file its application in September.

Both groups were uncertain as to how long the application process would take, but Mr Nobuo Ito, president of ITJ, said that his group's plan to begin operations at the end of next year would have to be dropped. ITJ now hoped to begin operations "in the spring of 1989, at the earliest," Mr Ito said. IDC officials refused to say when they hoped to begin operations.

The MPT remains coy about how it will respond to being approached by two applicants. The ministry said yesterday it would receive the two applications and would consider them fairly, but it would not comment on whether it would be prepared to issue two licenses or just one.

IDC, which plans to invest in a project to lay a new trans-Pacific cable, said in its statement that it would "participate in the construction (of the cable) with an approach that will not give an extreme burden to IDC." This suggests that it has not yet been decided to what extent IDC itself will invest in the cable and to what extent others, including C&W, will invest in it.

Japan steel groups may seek higher export price

AN ANTI-RECESSION cartel of Japan's four largest steel makers formed in April is planning to ask the Ministry of International Trade and Industry (Miti) for an increase in the price of exported seamless pipe, AP reports from Tokyo.

A spokesman for Nippon Steel, one of its members, said yesterday that the proposal was in the process of being made to the Ministry.

According to industry sources, the four steel makers – Nippon Steel, Kawasaki Steel, Sumitomo Metal Industries and Nippon Kokan – are planning to ask for an increase of between $100 to $150 per metric ton over the current average market price of about $650 to $660 per metric ton.

The existing price was much too low, the Nippon Steel official said, explaining the price request. Japan accounts for the bulk of worldwide manufacturing in seamless steel pipes which is used mainly in crude oil and natural gas operations.

The four companies are thought to be in the process of "rethinking" existing seamless pipe prices prior to making a formal proposal to the Trade Ministry which oversees the steel industry.

Steel industry leaders were allowed to form the anti-recession price cartel last spring due to faltering foreign demand for its products, stemming from the yen's rapid appreciation against the dollar.

Japan's steel industry is also reeling from inroads being made by competitors in South Korea and Taiwan, as well as reduced demand from oil producers due to lower oil prices

The proposed request to Miti comes in the wake of a price rise agreement with China and the Soviet Union in April.

Despite Chinese and Soviet opposition, Japanese steel makers succeeded in raising prices on various types of seamless pipes shipped to the two countries by roughly $100 to $150 a metric ton.

The separate agreements allowed the shipment of about 250,000 metric tons of the product to each country in the six-month period beginning April.

Miti examines Seoul import rules

JAPAN'S Ministry of International Trade and Industry (Miti) is studying a revised list of South Korean import restrictions issued this July, as well as complaints from Japanese manufacturers involving market access problems, prior to further dialogues between the two countries AP reports from Tokyo.

A ministry spokesman, who requested anonymity, said new lists of restricted and non-restricted imports, covering items such as passengers cars and computers, were issued by the South Korean Government last month.

He added that the ministry was focusing on a liberalization for foreign passenger cars in the 2,000 cc and 1,000 cc engine class to see if they unfairly excluded those from Japanese manufacturers. Many Japanese cars fall between these two engine categories.

Bilateral discussions on various trade issues are expected to continue between the two countries throughout the year.

South Korea began a five-year program this year to boost import of machinery and other products from non-Japanese sources as part of an effort to rectify trade imbalances with Western countries.

One specific target is to expand imports from US and European carmakers. Japan has already complained the programme is a violation of the General Agreement on Tariffs and Trade (Gatt).

Seoul undertook the policy change regardings foreign vehicle imports in an effort to forestall calls for protectionism against Korean goods in the US and the European community.

The move is viewed in Japan as an effort to further reduce the flow of Japanese imports into South Korea. But the official denied a report in a leading business journal which asserted that Miti was investigating complaints from export-oriented industries prior to asking South Korea to formally abolish import and commodity curbs on Japanese products.

"We aren't near to doing anything like that, We're still reviewing the new lists," he pointed out.

Japan's imports have been a thorn in the side of the two t rading partners due to what Seoul terms an uneven trading relationship with Japan.

In 1986 South Korea chalked-up a $5.4bn trade deficit with Tokyo, while registering a $7.3bn trade surplus with the US and $1.0bn with the EC.

South Korea has also countered Tokyo's Gatt complaint with its own, alleging non-tariff barriers against its imports in Japan's domestic market.

US wine groups act against Canada

By Louise Kehoe in San Francisco

US WINEMAKERS have drafted a major trade complaint against the Canadian Government charging that restrictive practices have limited US access to the Canadian wine market.

With 14 month free-trade talks between the US and Canada approaching an October 5th deadline without apparent agreement on the US wine exports issue, US winemakers have prepared a "301" trade complaint seeking "true free-trade with Canada."

301 trade complaints require the US Trade Representative to investigate the case and to recommend appropriate action to the President within 12 months.

Officials at the Wine Institute, a San Francisco industry group that represents most of the major US winemakers, said that the industry has drafted a 301 suit and passed it to the US Trade Representative for comment.

"This is a preliminary move and we may withdraw the complaint if we get some positive action from the Canadians," said a Wine Institute official.

On-going trade talks between the US and Canada have yet to make any progress on the wine exports dispute, he said.

The US wine industry group alleges that Canada's Provincial Liquor Boards, which control sales of alcohol in Canada, have limited US sales by restricting the number of US wines on their approved lists.

Before any wine can be sold in Canada it must be listed.

Turkey in fresh move on power plant deals

BY DAVID BARCHARD IN ANKARA

THE TURKISH Government has set up an adjudication committee to decide between five rival schemes tu build and operate giant powerplants using imported coal, but an actual decision is believed to be still at least a month away.

On Monday the government received the "final" bids, the second time in two months that best and final offers were invited.

The consortiums, led respectively by Ansaldo of Italy, BBC, Brown Boveri of Switzerland, Bechtel Power of the US, EPD of Japan, and Seapac of Australia, have been negotiating for two years on rival proposals to build power stations of between 800 MW and 1,400 MW. They would use imported coal and be run as a joint venture with the Turkish electricity authority

Soviet-China border trade shows sharp increase

TRADE between China and the Soviet Union across their long and remote border is recovering quickly after two decades of political strife, the official China Daily said yesterday, Reuter reports from Peking

China Daily said total trade across the eastern border was expected to reach $33m this year compared with $11.8m in 1983.

Business across the western frontier was booming, totalling $26.4m in the first half of 1987, a 75 per cent increase over the same period last year.

The Soviet Union plans to set up a vegetable farm and joint venture restaurants and shops in China's Heilongjiang province to the north-east of Peking, the newspaper reported.

The rapid rise in border trade, though still small compared with a total trade turnover of $2.5bn last year, was a reflection of slowly improving political relations in recent years, a diplomat said.

Rover's last big vehicle holdings put up for sale

BY JOHN GRIFFITHS

ROVER GROUP, the state-owned vehicle maker, has put up for sale its last sizable commercial vehicle holdings, both in India.

They comprise a 39.04 per cent stake in Ashok Leyland, an Indian truck and bus maker, and 50.09 per cent of Ennore Foundries, a components producer.

Rover has been receiving unsolicited offers for both since announcing in February that Leyland Trucks and Freight Rover, its trucks and panel van subsidiaries, were being sold to Leyland-Daf, a joint company majority owned by the Dutch truck maker.

Ashok Leyland, based in Madras, southern India, is India's second-largest truck and bus maker, with an output of about 6,000 vehicles a year. It has been a consistent profit-earner, paying Rover regular dividends of around £800,000 a year. It is thought by some industry analysts to be worth about £12m.

Ashok itself has a 19.7 per cent holding in Ennore Foundries, which is heavily dependent on the truck producer.

A Rover Group spokesman said yesterday it had received about 20 approaches through advisers Hill Samuel and Standard Chartered, which are handling the sale. The two Indian companies, which are part-owned by Rover through its Land Rover-Leyland International holding company, are being sold together. No separate offers are being considered.

The approaches are from both within and outside India. They include one from Bajaj Auto, India's largest and the world's second-largest scooter manufacturer, the first offer from which was made privately last year – well before the sale of Leyland Trucks.

Daf was also offered the Indian companies, but declined. Nevertheless, some European producers are understood to be interested on the grounds that their technology, with support from the Indian Government, could significantly sharpen Ashok's competitiveness.

No commercial ties remain between Rover Group and the Indian companies. Indian institutions hold a 35.6 per cent stake in Ashok, with the remaining 25.36 per cent held by individual investors.

The sale will sever an Anglo-Indian link spanning nearly 40 years.

Ashok Leyland was set up in 1948 originally to assemble Austin A40 and A70 cars. In 1950 it began assembling Leyland commercial vehicles, with the UK group taking a majority stake in 1955.

By 1984, however, the UK group's stake had begun falling below 50 per cent in line with Indian government policy of maximising the indigenous element of the motor industry.

Strong & Fisher move adds to leather industry shake-up

BY NIKKI TAIT

BRITAIN'S much-trimmed leather industry yesterday faced a further upheaval as Strong & Fisher, one of the sector's two remaining quoted groups, announced that it is buying the skin market, fellmongeries and tannery interests of the Union International.

Union is the private holding company for many of the Vestey family interests, including the 1,500 Dewhurst and Baxter butchers shops.

The £20m cash deal will substantially enlarge Strong & Fisher, which specialised in clothing leather. Through the acquisition of Union subsidiary Gomshall Group it will now take in 22 UK hide and skin markets (18 previously) – bringing a 30 per cent increase in capacity – four fellmongeries (3), and seven tanneries (5).

Strong also acquires Union's 50 per cent interest in New Zealand Light Leathers, a New Zealand-quoted company, which supplies about 85 per cent of Gomshall's skins, tans some 50,000 – 60,000 cattle hides and has a plant in the south island making quality fashion leather. Together the Union interests had sales of £38.2m in 1986 and profits before interest of £1.8m.

The Union disposal – one of few block interests remaining in the leather industry – continues a recent shake-up as surviving companies have attempted to develop higher-margin niches in the face of Third World competition.

Strong & Fisher started the reshuffling process a year ago with a bid for Garner Booth, another quoted leather group. The bid was, however, abandoned after the deal was referred to the Monopolies and Mergers Commission on worries of concentration in the sheepskin market.

A bid battle for Garner subsequently erupted between the food giant, Hillsdown, and Pittard, based in Yeovil in the south of England. The latter emerged victorious, but Hillsdown retained a sizable stake in the combined group.

Mr Richard Strong, chairman of Strong & Fisher, yesterday said he believed this to be a better route than the original Garner bid. In the face of the growing popularity of leather clothing and new techiques for producing lightweight material, the company has been anxious to expand its supply of sheepskins.

Although UK skins are the least-scarred and most suitable for high-quality clothing leather, Mr Strong argues that New Zealand supplies can be used for the growing male and teenage market.

Around 90 per cent of Strong's finished products are exported, with around 70 per cent of Gomshall production sold overseas.

An average leather skirt takes some six skins and costs around £70. Full-length coats, the latest US fashion, use around 12 skins.

Strong & Fisher is financing the deal with a bank loan and the issue of 3.7m shares, which have been conditionally placed at 275p subject to clawback by shareholders.

The company's gearing will rise to 70 per cent after the deal.

Manpower chairman takes new posting

By David Thomas

SIR Bryan Nicholson, chairman of the Manpower Services Commission for the past three years, is to become the new chairman of the Post Office in October.

The appointment appears to signal a vote of confidence by the Government in the policies pursued by Sir Ron Dearing, who retires as Post Office chairman at the end of September. These have led to record increases in letter volumes and productivity.

Sir Bryan said yesterday he intended to build on Sir Ron's achievements. Ministers had not indicated a wish to take the corporation in any radically new directions.

In particular, Sir Bryan said he had been given no indication of a desire by ministers to privatise parts of the Post Office though he added such a move would not surprise him since the Government was clearly committed to privatisation as a general policy.

Mrs Margaret Thatcher, the Prime Minister, ruled out privatisation of the Royal Mail, the core of the Post Office, during the general election campaign. But she was careful not to exclude the possibility of selling other Post Office businesses, which include its National Girobank banking subsidiary and its counters operation.

Sir Bryan's wish to leave the MSC in October, when his period of office ends, has been known for some time. The MSC's scope is being scaled down, with its employment functions being transferred to the Department of Employment.

Sir Bryan, who spent almost 30 years in the private sector before taking the MSC chair, most recently as chairman of Rank Xerox's UK business, said he hoped to complete the transformation of the Post Office into an organisation driven by awareness of customer needs.

He agreed with the view, repeatedly expressed by consumer organisations, that priorities were to improve the quality of letter delivery and to sort out the spate of unofficial strikes which has disrupted some districts.

Charles Leadbeater reports on British Coal's disciplinary code

Coal industry's test of trust

AS the national executive committee of the National Union of Mineworkers and managers from British Coal sit down today for talks over the corporation's controversial revised disciplinary code, both might have in mind one of the code's definitions of gross misconduct.

Section 10 of the code says that gross misconduct is, among other things, misconduct so grave that it destroys the necessary mutual trust between British Coal and the mineworker. The point of today's talks is that the dispute over the code may have destroyed what little trust there was between the union and the corporation.

The NUM's first major objection is that the revised code, which was introduced in March, marks a significant break from the industry's long-established unfair dismissal procedures. Introduced in 1947, these laid down a procedure for dealing with any disciplinary issue, which ended with conciliation and arbitration by a "pit umpire."

That system, supported by a consensus throughout the industry, worked successfully until the early 1980s, according to Mr Bill Rees, a specialist in the coal industry's industrial relations from Durham University.

The revised code has abolished the pit umpire. Instead, miners can take cases for unfair dismissal to an industrial tribunal.

Mr John Liptrott, general secretary of the Union of Democratic Mineworkers, which broke away from the NUM after the miners' strike in 1985, said this was a significant advance for miners: "In the past there was no access to legal machinery. The union said that it would not take a case to an industrial tribunal, even if it was dissatisfied with the pit umpire's decision. The revised procedure now allows us to do that."

The UDM has reservations about the code, but no fundamental objections. It is based on a code issued to managers in 1981, and modified in 1984. "We have actually been working under this code for the last seven years. The NUM do not realise that. There is no break with the past," says Mr Liptrott.

The NUM also objects that the corporations's code differs significantly from the 1977 code issued by Acas, the conciliation service, on which the corporation says its own code is modelled. The two clearly diverge at several points.

- Acas says an employee should have the right to be accompanied to a disciplinary interview by a trade union representative or employee of their choice. The corporation says managers have the right to approve the employees choice although approval will not be unreasonably withheld.
- The Acas code cautions employers to adopt special procedures to deal with trade union officials as action against a union representative might be seen as an attack on the union. There is no corresponding section in the British Coal code. Acas says there has been little or no pressure from employers to change its guidance on this issue.
- Acas says an employer may take action against an employee facing a criminal charge. It says the prime consideration should be how the offence or evidence produced during a trial affects the employee's suitability for work. The corporation's code is far more specific. It says action may be taken against an employee notwithstanding that they have been found not guilty while the Acas code is silent on the issue.

Nevertheless, the corporation's provisions are in line with most other codes in industry, according to Mr Richard Lister, a legal specialist at Income Data Services, the industrial relations research company. Moreover, it is in line with recent case law, which has shown that employers can take disciplinary action in such cases, provided there are reasonable grounds, established through a reasonable investigation, says Mr Lister.

- Finally, the union objects that, after being given a formal warning for a minor offence, a miner could be dismissed for any further offence, however minor, committed within the next three years.

Mr Burchill says this is far more stringent than most codes. "Generally the first warning remains on someone's record for three months, and a second warning stays for six months," he said.

The NUM also objects that the corporation plans to use the code to undermine local union organisation and give a short sharp shock to an industry beset with small disputes.

However, the code also applies to the UDM, which has signed a conciliation agreement. The NUM says this implies that the code would still apply even if it accepted a conciliation agreement.

The dispute, which threatens to make it extremely difficult for the corporation to press ahead with plans to introduce flexible working patterns, has also united a union which was deeply divided. Miners are expected to support industrial action over the code in a ballot which is due to finish on August 21.

At the end of the day it is these pressures rather than the legal niceties which will determine whether a settlement can be reached.

Private-sector pay still increasing, says CBI

BY DAVID BRINDLE, LABOUR CORRESPONDENT

PAY settlements in the private sector are rising, according to figures which the CBI has collected in its pay databank but which it has not publicised.

The figures show pay deals in manufacturing at an average 5.3 per cent in the second quarter of this year, compared with 5 per cent in the first quarter and 4.8 per cent in the last three months of 1986.

In services, pay rose an average 6.2 per cent in the first half of this year compared with 5.6 per cent in the second half of 1986. The CBI's average for the banking, insurance and finance sector alone has jumped to 6.9 per cent.

The CBI has decided to stop publicising its pay databank figures as a matter of course, though it points out the information remains available to member companies and other subscribers to its two-monthly employment affairs report.

The move may prompt speculation that the CBI is trying to play down the rising trend. The organisation says it is not.

Mr Richard Price, the CBI's employment affairs director, said that, instead of issuing regular updates on the pay databank, the CBI would publicise each employment affairs report in a statement which might or might not feature pay trends.

The latest issue of the employment affairs report, which is not distributed to the press, says the databank shows that settlements are rising "slightly."

Employment Affairs Report; CBI, Centre Point, 103 New Oxford Street, London WC1A 1 DU; by subscription.

Share ownership plans for workers' buy-out

BY OUR LABOUR STAFF

THE PLANNED worker buy-out of Llanelli Radiator, Rover Group's component plant in the Welsh town of Dyfed, is expected to involve an employee share ownership scheme financed by Unity Trust, the trade union bank.

Mr Mike Reilly, the plant's general manager, said yesterday the aim was to have a share structure which encouraged long-term employee commitment and involvement, rather than just a "day one bonanza."

Roadchef, the motorway service area operator, and People's Provincial Buses, based in Hampshire, were the first companies to use Unity Trust's model of US-style Esops, by which the equity of a businesss is increased through loans held in trust, in the form of shares, on behalf of the employees.

Unity Trust is undertaking a viability study of Llanelli Radiator, prior to final agreement on funding an Esop for the 850 employees.

Mr Reilly said there was agreement in principle on the proposal and it was "highly probable" it would go ahead. The Esop would be additional to offers to the employees of preference and ordinary shares, £500 having been discussed as the sum each individual would be asked to invest.

Llianelli Radiator has a turnover of £30m a year, more than half of which comprises supplies to Rover Group.

Unions at the plant have welcomed the buy-out and were instrumental in getting Unity Trust involved.

APPOINTMENTS

Human resources director for TI

TI GROUP has appointed **Mr Alan K. Bradley** as director of human resources. He joins from Associated British Foods where he was group personnel adviser.

★

Mr John Ellis has been appointed administration director at WARDLEY INVESTMENT SERVICES INTERNATIONAL, UK investment management subsidiary of the Hongkong and Shanghai Banking Corporation. Mr Ellis comes from Hill Samuel Investment Management where he was head of client and investment services and a director of Hill Samuel Pensions Investment Management.

Mr Neil Campbell joins BRITOIL on August 24 as regional manager for South America and Southern Africa. He was vice president, exploration, for Occidental Petroleum (Caledonia). **Mr Ian Bodie** is appointed group treasurer on September 1.

★

At McKAY SECURITIES **Mr A. S. Childs** has been appointed company secretary.

★

At UNISYS CORPORATION **Mr Graham Murphy**, president of its Europe/Africa division, has been appointed to its management board.

★

Mr Brian Allison, executive chairman of the BIS GROUP, has been promoted to the board of NYNEX Information Solutions Group, Inc., a subsidiary of NYNEX Corporation, with headquarters in New York. **Mr Roger Graham**, managing director of the BIS Group, will take over the chairmanship of the group from Mr Allison on September 1.

★

J. S. GADD & CO. has strengthened its management team. **Mr Jim Bellingham** has been appointed as the group financial director and **Mr Graham K. Urquhart** as group secretary. Mr Bellingham was formerly the chief financial executive of Illingworth Morris. Mr Urquhart was previously assistant group secretary of Guinness Peat Group.

★

Mr Roger Taylor has been appointed to the board of COUNTY AND DISTRICT PROPERTIES. He joined County and District in 1985 from Commercial Union Properties as a senior development executive and earlier this year was appointed as a director of the development subsidiary County and District Developments.

★

Mr Charles Bailey has been appointed a director of ANTOFAGASTA HOLDINGS.

★

Mr Jack Webster, marketing director of Sykes-Pickavant, has been elected president of the GARAGE EQUIPMENT ASSOCIATION.

★

BPA (TECHNOLOGY AND MANAGEMENT) has appointed two directors from within its organisation, **Mr Ted Donnelly** and **Mr Roger Tyler**. **Mr Nick Pearne** has relinquished his role as marketing director but remains a non-executive member of the board.

★

Mr I. H. Peattie has been appointed director of the NATIONAL INVESTMENT AND LOANS OFFICE in succession to **Mr P. A. Goodwin** who is retiring on August 10. As director, Mr Peattie will hold the appointments of secretary to the Public Works Loan Committee and secretary and comptroller general of the National Debt Office.

★

Sir John Wickerson, immediate past president of the Law Society of England and Wales, has joined R. MANSELL, London building contractor, as non-executive director. Sir John is a partner in the general practice firm of Ormerod Morris and Dumont of Croydon, where Mansell has its headquarters.

Sir John Wickerson joins Mansell's board

CONTRACTS

Work has started on a 43,000 sq ft high-quality offices and warehouse development at West Drayton, Middlesex, close to Stockley Park, under a £3m project being carried out by developers and contractors DIX BELGRAVIA. A 32-week building contract, worth £920,000, has been awarded to Walcon Construction. The single unit at Horton Road, which will include 6,000 sq ft of offices on two floors, will be available for letting in February 1988. Construction is of pad foundations and a composite reinforced concrete and steel lattice beam frame. Cladding will be of brick and plastic-coated profiled metal

Building a business centre at Weybridge

More than £6m of contracts have been awarded to **GEOFFREY OSBORNE**, Chichester. At Weybridge, Surrey, work has started on a £3.5m business centre for Factory Holdings. Scheduled for completion in June 1988, St George's Business Centre will provide three high-technology, two-storey buildings in landscaped setting. Designed to harmonise with the surrounding residential properties, the three separate buildings will have pitched roofs with concrete tiles. Brown-red bricks will be used, with contrasting light tan string courses, sills and arches.

Another high-technology development currently under way is a £1.2m scheme for Slough Estates at Feltham, Middlesex. The 28-wee contract is for a two-storey building with brick and metal cladding on a steel frame. Other projects won by the building division include an office block at Reigate, Surrey, for Orbit Developments (£540,000) and an industrial building at Aylesford Kent, for Sun Life Assurance Society (£941,000).

A £1.35m design and build scheme for a new British Gas stores and office complex at Reading is due to start on September 14. The 3,050 sq metre building is designed to centralise various Southern Gas activities which now operate from depots within the area. The steel portal framed structure will have brick and profiled metal cladding. External works include a vehicle wash down unit, a car parking area and general landscaping.

Civil engineering contracts include construction of reinforced concrete foundations to a computer centre for the TSB at Andover, Hants, for management contractor, Mowlem Management (£587,000); sea defence work at East Wittering, Sussex, for Chichester District Council (£264,000); and construction of a pumping station and associated works Leckhamsted, Berkshire, for Thames Water Authority (£224,000).

On the Isle of Wight, Osborne, is building a day care centre extension to Earl Mountbatten House, Fairlee Hospital, Newport, for the Isle of Wight Health Authority (£220,000).

UK NEWS

Welsh economy strengthening, say directors

BY ANTHONY MORETON, WELSH CORRESPONDENT

FURTHER EVIDENCE of the strengthening of the Welsh economy came yesterday from the Institute of Directors. Its biannual business survey of Welsh companies found that nearly three-quarters reported an increase in the volume of business and more than half reported higher profits compared with the start of the year.

The report was prepared for the institute by Professor Brian Moores of the Cardiff Business School at the University of Wales Institute of Science and Technology.

Fifty-eight per cent of the companies interviewed felt that prospects were more favourable now for growth than when they reported six months ago and 53 per cent said they were doing well or very well.

The survey confirms the broad outlines of a Welsh Development Agency report in March that the economy was expanding fast and the latest quarterly Confederation of British Industry survey which showed an encouraging uplift in activity.

The Government, too, is *encouraged by the fall in unemployment*, which has been registered in each of the last 12 months, and other indicators showing a general pick-up in activity.

Prof Moores said: "There has been an increase in the degree of optimism over the same figure six months ago. The very low number of companies expressing themselves less optimistic is particularly encouraging."

Only 5.5 per cent of respondents expressed *less* optimism than earlier in the year, and Prof Moores noted that not one manufacturing company was less optimistic. All the downbeat responses came from the services sector.

However, the optimism does not appear to be translated into new jobs in a country in which the unemployment rate is more than 12 per cent. Only one company in 10 thought it would be employing more people by the end of the year.

The survey covered all members of the institute in Wales, according to Mr Meirion Lewis, director of its Welsh division. The 132 replies corresponded to 31 per cent of its membership. Half the respondents were in the services sector and 43 per cent in manufacturing. The rest straddled both camps.

The survey was particularly geared to the small business sector because only 10.3 per cent of those questioned employed more than 250, the Government's usual definition of a small company, and only *4 per cent employed more than* 500, the EC definition.

Prof Moores said profitability and cash flow were still rated the most important concerns facing the companies, as they were six months ago.

Neither the rate of inflation nor the level of interest rates appeared to loom large. However, the field work on the survey was undertaken before last week's 1 per cent rise in base rates.

Twelfth set to be less than glorious

Financial Times Reporter

PROSPECTS for the Glorious Twelfth—the start of the grouse-shooting season today—*are better than last year* but the last few years' sharp decline in the number of the game birds is still causing grave concern to the Game Conservancy.

The overall number of grouse is only a fraction of the 1975 population, says the body, which has launched a three-year study aimed at raising their numbers. Grouse numbers have fallen steadily on the upland moors of northern England and Scotland since the mid-1970s because of disease and loss of habitat to agriculture. The population is only about 20 per cent of that recorded in 1975.

The degree of success of Game Conservancy scientists in tackling a fatal grouse parasite is the main reason for the increased number of birds this year.

Mr Peter Hudson of the conservancy said that in Scotland "we may be on the verge of the big comeback. On some moors the number of grouse is up 80 per cent compared with last year and in northern England, where the population has always been higher, numbers are up about 30 per cent.

Shooting starts on most moors today. Members of the Hunt Saboteurs Association are expected to gather on the Lancashire moors in an attempt to disrupt the occasion.

Scots supermarkets urged to buy locally

SCOTTISH supermarkets which stock English, rather than home-produced, goods are to be picketed.

The Scottish National Party is aiming to persuade chain stores to put local produce which can be made at the same price on their shelves instead of importing from England.

The party said that stocking Scottish would help save jobs and keep alive the corner shop, which would otherwise be extinct by the year 2000.

David Churchill looks at the Government's changing attitude to customer protection

Consumerism runs out of purchasing power

WHEN Sir Geoffrey Howe became minister for consumer affairs in 1973, the government's role in championing the cause of the consumer went unquestioned.

It was almost an inviolable rule that consumers needed to be protected from unscrupulous *companies by a wide range of* legislation—a view shared by Mr Roy Hattersley and Mrs Shirley Williams in the subsequent Labour administration.

But Mr Francis Maude—the fifth and latest to hold the post in Mrs Thatcher's governments but now known as corporate as well as consumer affairs minister—has a different view.

His philosophy is a return to the days of *caveat emptor*—let the buyer beware.

It is a view which will rankle with most consumer activists in *the late 1980s* — activists who have seen their effective power diminished over the past decade, partly as a result of the changed political and economic environment but partly also because consumerism appears to be running out of steam.

The recent Consumer Protection Act—which scraped into the statute book shortly before the general elections—was not so much a piece of genuine consumer protection legislation as a tidying up of the ragbag *of legislation outstanding.*

The legislation covered three areas of consumer protection: it implemented the European Commission's directive on product liability, which the Government had to do at some stage; it implemented a white paper on consumer safety which brought in much-needed improvements; and it reformed the much-abused regulations governing the way in which retailers can make bargain offers to the public.

The consumer movement, therefore, remains at a cross-*roads, faced with a laissez-faire* government attitude to the role of consumer protection and the lack of a clear direction for the 1990s.

Should the consumer movement, for example, embark on a more radical approach in the style of Mr Ralph Nader, the US consumer champion and hit the corporate sector where it hurts most—in its pocket through consumer boycotts and court action?

Mr Maude, 34, who was still at university when Sir Geoffrey Howe became consumer affairs minister, does not see the need for any such concerted action. "The best way to protect consumers is to keep them informed of the choices they have and to help guide them in the right direction," he says.

"I do not think it is right for me to suggest that government can solve all the problems facing the consumer."

Consumer safety, he believes, is a case in point. The recent legislation, for example, puts a general duty on all suppliers *of goods to ensure that they* are reasonably safe when supplied.

Mr Maude says: "This is the way it should be. The legislation ensures that there are certain minimum safety standards but then consumers have a choice—along with questions of price and quality—about whether or not they buy a product if they still consider it unsafe."

Francis Maude: views will rankle consumer activists.

After all "we are doing no favours to consumers if we put too onerous restrictions on manufacturers' ability to produce goods that consumers want to buy."

Such a view is almost guaranteed to raise the hackles of consumer activists who see product safety as a key area where the Government should be more interventionist but British companies also are not convinced that the Government is on their side when it comes to consumer protection issues.

For example, the Confederation of British Industry has warned members that the impact of recent consumer protection legislation might be to lead to higher claims from consumers who have bought defective products.

This would result from the legislation enacting the European Commission's directive on product liability, which is aimed at giving consumers throughout Europe more protection against dangerous products.

Mr Norman Rose, the CBI's deputy director in charge of legal affairs, says: "As the burden of proof on plaintiffs is being reduced, it is likely that claims against companies will increase."

The CBI consequently advises member companies to review urgently their current procedures and practices affected by the legislation.

At the same time the consumer movement feels that the Government has given in to big business. The Consumers' Association says it was disappointed that the recent legislation allowed manufacturers a "development risks defence"—a loophole enabling manufacturers to limit their liability for defective products if they can show that technical knowledge at the time the product was developed meant that the defect could not have been foreseen.

Mr Maude sees the consumer affairs part of his job as largely to see through the enactment of the safety and product liability changes outlined in the legislation but he has two other consumer protection measures to consider.

At some stage the Government has to implement the EC directive on doorstep selling which aims to prevent consumers being unfairly pressured into buying goods from door-to-door salesmen. Mr Maude is also seeking comments on recent recommendations from the Law Commission on changes to the law covering the sale and supply of goods.

Mr Maude may eventually have to take a more interventionist role in consumer protection as a result of pressure from the Office of Fair Trading.

Sir Gordon Barrie, director general of fair trading, is concerned at the failure of voluntary codes of practice in certain industries to provide protection for consumers.

He recently took to task the double-glazing industry for having a "blemished reputation." Most companies had failed to adhere to the 10-year-old code of good trading practice.

As a result of the failure of such voluntary codes, Sir Gordon has put forward the relatively radical concept that a general duty on all companies to trade fairly should be introduced in law. This would shift the emphasis from voluntary to statutory controls of trading behaviour—a move which Mr Maude is reluctant to consider.

"I would really need to be very convinced to suggest that we introduce such a broad protectionist concept into business affairs," he maintains. Caveat emptor.

Telecommunications venture to expand

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

APT, a telecommunications joint venture of American Telephone and Telegraph and Philips of the Netherlands, is pressing ahead with aggressive expansion plans in the UK in spite of recent setbacks in its efforts to break into the European public switching market.

The company aims to invest £17m at its site near Malmesbury, Wiltshire, this year, mainly on a plant for transmission products.

There will also be investment in research and development operations chiefly in adapting AT&T switches to European requirements.

With additional annual expenditure of about £5m over the rest of the decade, the company expects to create 280 jobs by 1990 to bring its total UK staff to 600.

The continuing expansion of the facilities comes at a time of heavy speculation about joint venture's.

There have been suggestions that AT&T and Philips had become disillusioned with the notion of co-operation in the wake of APT's failure to gain entry to the French market through the takeover of CGCT, the French switching company, earlier this year.

However, Mr Brian Manley, chairman of APT's UK division, said the company saw exciting possibilities in the transmissions sector.

It had also built up a healthy switching business in the UK with special-purpose telephone exchanges aimed at adding extra features to the digital system being installed by British Telecom.

Mr Manley said APT's UK turnover should reach about £50m this year and that the company should break even by the end of 1988.

The European group as a whole, which has headquarters in the Netherlands, had sales of about Fl 750m (£224m) last year. It also expects to break even in 1988.

APT was formed in 1984 as a equal share joint venture with the aim of combining AT&T's technical know-how with Philips's knowledge of the European market.

It is responsible for adapting and selling AT&T products in most non-US markets, and also inherited a number of Philips' telecommunications products.

The new UK factory, which should move into volume production by the middle of next year, will be devoted mainly to producing multiplexer equipment—devices used for concentrating call signals to exploit line capacity.

Freight group wins £9m work

SCOTTISH ROAD SERVICES, a member company of the employee-owned National Freight Consortium, has won a £9m contract to provide a distribution and delivery service for Gateway Foodmarkets.

The five-year agreement with Gateway, which also trades in Scotland as Fine Fare, starts on September 21. The contract package involves transporting goods from Gateway's East Kilbride warehouse complex to locations throughout Scotland.

Scottish Road Services will acquire some vehicles and trailers from Gateway, and employment will be offered to some Gateway staff.

BAe hands over first part of Saudi aircraft order

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE FIRST two of 30 Hawk single-engined advanced training aircraft built for Saudi Arabia were handed over yesterday by British Aerospace at its Dunsfold, Surrey, airfield to Air Vice Marshal Ronald Stuart-Paul, director-general of the Ministry of Defence's Saudia Arabian project.

The Al-Yamamah project provides for BAe to supply Saudi Arabia with 72 Tornado jet combat aircraft and 30 PC-9 light turbo-prop trainers, as well as the 30 Hawks, costing a total of about £5bn over the next three years, and constituting the UK's biggest export deal.

A comprehensive training programme and a wide range of advanced weapons and support systems is included in the project.

● FT LAW REPORTS

New evidence is admissible in Lotus tax case

BRADY v GROUP LOTUS CAR COMPANIES PLC AND ANOTHER

Court of Appeal (Lord Justice Dillon, Lord Justice Mustill and Lord Justice Balcombe): July 31, 1987

WHERE A tax appeal is remitted to commissioners on an error of law, fresh evidence will be admissible, contrary to the general rule, if it is highly material to the rehearing and if the court suspects fraud on the part of the taxpayer.

The Court of Appeal so held (Lord Justice Mustill dissenting in part) when dismissing an appeal from a decision by Sir Nicolas Brown-Wilkinson, Vice-Chancellor, remitting to Special Commissioners a tax appeal by Group Lotus Car Companies plc and Lotus Cars Ltd.

LORD JUSTICE DILLON said that in the years down to 1978 the Lotus companies had been engaged with some success in the manufacture of high quality sports cars and in building specialised cars designed for the race track.

The driving force behind the companies, until his death in December 1982, was a Mr Colin Chapman. His right hand man for many years was a Mr F. R. Bushell who became managing director of Lotus Cars on Mr Chapman's death.

In 1978 the Lotus companies became involved in the notorious affair of the De Lorean motor car. There were three relevant agreements, all dated November 1 1978.

Under the first, a company called GPD Services Inc agreed to provide its services for design, test and calculation work on a sports car, the DMC 12. It was provided that Lotus Cars and Mr Chapman would do the work.

Under the second agreement Lotus Cars warranted and guaranteed to De Lorean Research and De Lorean Motor Cars the timely and full performance of GPD's obligations under the first agreement.

The third agreement was between GPD and Lotus Cars. Lotus Cars agreed to carry out research *design* and development work on the DMC 12, which was to be manufactured by De Lorean Motor Cars.

GPD was a Panamanian company controlled by a Mr and Mrs Juhan of Geneva. It had an address in Geneva and a bank account. It had neither facilities nor experience for research design or development work on sports cars.

On the signing of the first agreement, however, it received \$17.65m from De Lorean Motor Cars and De Lorean Research. Some \$8.5m was paid out to Mr De Lorean personally, but a balance of \$9.15m remained unaccounted for.

Since it was plain that the work which GPD had contracted to do had in fact been done by Lotus Cars, the Inland Revenue was concerned to enquire whether any of the moneys received by GPD had come into the hands of the Lotus companies or their officers.

It carried out a lengthy investigation into the books of the Lotus companies. On December *16 1983 it made a number of* estimated assessments on the companies for the accounting period ending December 31 1977 and subsequent years. Some had been withdrawn, but two remained outstanding, for £9m each.

The Lotus companies appealed against the assessments. The General Commissioners correctly formulated the point at issue, which was to decide how much, if any, of the money paid to GPD came into the control of Lotus or its officers.

They all agreed that the two outstanding assessments ought to be discharged, and they ordered accordingly.

Their view was that the assessments could only be justified if there had been fraud on the part of the Lotus companies or their officers; and that if fraud was in question, the onus was on the Revenue to prove it. The Revenue failed to discharge that onus, and so the assessments were discharged.

The assessments were raised in due time "*not later than six* years after the end of the chargeable period" (section 34 of the Taxes Management Act 1970).

Section 36 of the Act provided that where fraud or wilful default had been committed in relation to tax, assessments might be made at any time — ie, even after the expiration of six years after the end of the chargeable period.

With out-of-time assessments the onus was on the Revenue to prove the fraud or wilful default. Where the assessments were made in time, as they were in the present case, the burden lay on the taxpayer to displace them.

The General Commissioners misdirected themselves in law over the onus of proof when they made their decision.

The issue was whether the remitted case should be heard merely on the evidence which was before the General Commissioners, or whether, as the Vice Chancellor held, there should be power to adduce fresh evidence.

The Revenue wanted to put in new evidence which it had obtained since the hearing before the General Commissioners, and could not with reasonable diligence have obtained before.

It showed that out of the moneys received by GPD from De Lorean Design, GPD paid \$90,000 on November 14 1978 to a numbered account at Credit Suisse Zurich in Mr Bushell's name, and \$723,000 to another numbered account in Mr Chapman's name. On December 6 it paid a further \$400,000 to Mr Bushell's account, and \$3.6m odd to Mr Chapman's account.

Those payments were of obvious relevance to the Lotus companies' tax appeal. The Revenue contended that if directors intercepted and appropriated moneys due to their company, the moneys ranked as receipts of the company and might be taxable accordingly.

The general rule was that the parties in a tax appeal to the High Court should not, in the absence of special circumstances, be enabled to go back to the Commissioners and call fresh evidence on issues which were raised in the original proceedings.

The Vice-Chancellor, however, allowed the fresh evidence to be adduced at the rehearing of the remitted case. He applied the principle in *Meek v Fleming [1961] 2 QB 366,* that where a party deliberately misled the court in a material matter, and that deception had probably or might *reasonably* have tipped the scale in his favour, it would be wrong to allow him to retain the judgment.

Mr Price for Lotus submitted it would be wrong to allow the Revenue to profit from the evidence just because there happened to have been an error of law on the part of the Commissioners.

His Lordship strongly suspected that Mr Bushell deceived the court when he gave evidence to the General *Commissioners. If he had done* so it would be wrong that the decision he obtained from the Commissioners should stand.

Compared with that, the factor that in the absence of an error of law there would be no means of getting in the new evidence short of a separate action alleging fraud, was of relatively minor significance.

There was no good reason why the Commissioners should be required to approach their task in blinkers, denied the benefit of new evidence now known to be available. The Vice-Chancellor was right to allow fresh evidence to be adduced on the rehearing. The appeal was dismissed.

LORD JUSTICE MUSTILL agreed that the appeal should be dismissed on the question of remission.

With regard to the manner in which the rehearing was to be conducted, he said he would be sorry to think the court was forced by the undoubted need to give the Revenue an opportunity to air its new evidence, into adopting an expedient which involved conflation into one set of proceedings a process which ought really to take place in two stages, with the burden on the Revenue at the first stage and on the companies at the second.

He believed the court should not take away the advantage the companies would ordinarily have at the first stage.

That unwarranted prejudice could properly be avoided by refusing to order that the Revenue should have as of right the opportunity to adduce further evidence on the remission, but rather that the new hearing should await the outcome of an action by the Revenue for a declaration that *the previous* decision was improperly obtained.

If the action succeeded the investigation before the Commissioners would recommence *de novo*. If it failed, the proceedings would recommence only to the extent required by the Court of Appeal decision on the question of law.

LORD JUSTICE BALCOMBE agreed with Lord Justice Dillon that the Vice-Chancellor was right on both issues.

He said that if on a remitter the Commissioners were not entitled to receive any further evidence and they decided the assessments should be discharged, it was almost certain the Revenue would then bring an action to have the decision set aside as having been improperly obtained, since the almost irresistible inference on the evidence was that Mr Bushell knew of the payments and deliberately failed to disclose them.

Assuming the proceedings to set aside were successful, as was in the highest degree probable, *there would* be a further hearing *de novo* before the Commissioners at which this highly material evidence would be admitted.

Such a multiplicity of proceedings would not be sensible.

For Lotus: Leolin Price QC and James Munby QC (Gouldens).

For the Revenue: J. M. Chadwick QC and Alan Moses (Inland Revenue Solicitor).

By Rachel Davies
Barrister

CORRECTION

The name of yesterday's case, which was omitted, was THE NORDGLIMT.

Ulster devolution talks 'mildly encouraging'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TALKS in London yesterday between Ulster unionist leaders and officials at the Northern Ireland Office on the possibility of some form of devolved government for the province were described by Whitehall as "mildly encouraging."

The meeting was between Mr James Molyneaux, leader of the Ulster Unionists, and the Rev Ian Paisley, leader of the Democratic Unionists, on the one side and Sir Robert Andrew, permanent under-secretary at the Northern Ireland Office, and Sir Kenneth Bloomfield, head of the Northern Ireland Civil Service, on the other.

A further meeting is to be held later this month. Although this was being seen as a good omen, it was being emphasised that the series of meetings was still at the stage of "talks about talks" and that much more progress would have to be made for negotiations to reach a meaningful stage.

The first meeting in the series took place last month. The talks have been entered into without preconditions and both sides have agreed not to make public comment on their contents.

Mr Molyneaux and Mr Paisley left yesterday's two-hour meeting without commenting and returned to Northern Ireland.

It was made clear in the Queen's Speech that some form of devolved government is a key objective of the British Government during the present parliament. However, a stumbling block has been unionist hostility to the Anglo-Irish Agreement.

A task force of the Ulster unionists has recommended that they should hold talks with the Government to seek a reasonable alternative to the 18-month-old agreement.

Mr Tom King, Northern Ireland Secretary, who was not present at yesterday's meeting, has said he is eager to see the discussions carried forward.

● Dr Robert Eames, the Church of Ireland Primate of All Ireland, plans his own initiative to seek an end to the political stalemate. Later this summer he intends to invite main political party leaders to private talks to establish if there is a will to break the impasse. It is believed he will set no agenda and intends the discussions to take place out of the glare of publicity.

Diplomacy lacking at the Irish embassy

By Ralph Atkins

STAFF at the Irish Embassy in London went on strike yesterday after being asked to return to Dublin.

The protest, involving 20 women clerical workers at the embassy in Grosvenor Place threatens to disrupt passport and consular services and brings a new Irish problem to within yards of the Queen's back garden in Buckingham Palace.

It centres on a policy, introduced in 1983 by the Irish Department of Foreign Affairs, to fix the duration of foreign postings to three or four years.

The staff on strike, who came to London before 1983, say they should have the right to stay indefinitely in the land of warm beer and soggy chips.

The argument came to a head on Monday, when one of the women was due to start work in Dublin. By yesterday negotiations had broken down and the staff began indefinite strike action.

One striker said: "There is absolutely no reason why I do not want to work in Dublin. It is just that I think I should have the choice."

The workers, many of whom have lived in England for nine years, say prices in London, with the exception of accommodation, are lower than in Ireland.

Many would have to break strong ties if sent back to Dublin and have the full sympathy of colleagues there.

Mr Pat Magee, from the Dublin-based Civil & Public Staff Union, said: "They have made their homes in London. Some have even married Englishmen and have families there."

The embassy said the strike would delay the issue of passports and some other services. Nor is it the best welcoming present for Mr Andrew O'Rourke, who became ambassador only a few weeks ago and now finds himself without a typist.

Yesterday the Department of Foreign Affairs in Dublin issued a statement stating that staff are required "to perform any duties assigned to them from time to time as appropriate to the grade."

And that applies whether they are sent to Bangkok, Baghdad or London.

Alan Pike and David Thomas profile the incoming chairman of a large state industry

Post Office chairman who hopes to deliver

SIR BRYAN NICHOLSON, who was yesterday appointed chairman of the Post Office, went to the Manpower Services Commission on secondment from Rand Xerox three years ago.

He had little public profile before his appointment as the commission's chief. The sober-suited businessman succeeded Mr David Young, now Lord Young, the fast-rising politician. One senior commission official, who had been hoping for a household name to follow Lord Young, greeted the new chairman as a household name in his own household.

Sir Bryon is probably little better known by the public three years later, as he takes up the chairmanship of one of the state industries most in the public eye. With a few exceptional moments — such as the occasion last year when he branded British workers and managers alige as a "bunch of thickies" because of their inadequate training — he has never looked like becoming a well-known figure.

However, he has quietly brought both business and political skills to the MSC chairmanship which have won the respect of civil servants, and both employers and trade union leaders on the commission.

His previous background in the private sector has led to a determination that the commission should function in an efficient, businesslike way and a thirst for detail which will translate easily to his new post. A conviction that British companies would improve their investment in education and training only if they were convinced that the results would show in the balance-sheet has guided many of his actions during his MSC chairmanship.

Although the MSC remains a tripartite body run by an independent commission, its priorities have increasingly been set by the Government. Sir Bryan has supported these priorities, but shown calmness and an independence of style in carrying them out.

These qualities will be sorely tested if the Government ever decides to privatise parts of the Post Office, a move which would be greeted by fierce resistance by the postal unions, which still wield considerable influence in the corporation.

When Sir Bryan arrived at the MSC several small wars were in progress. The further education service was furious over Government proposals to transfer large amounts of further education spending to the commission, and a restructuring of the Jobcentre network was provoking widespread opposition.

Some observers thought Sir Bryan would lack the political experience to resolve such problems. But then — and since — he has shown considerable ability in bringing together the often opposed interests of the employers, unions and local authority groups on the MSC and building consensus.

There will be considerable scope for such talents in his new post, although he inherits a better legacy than that handed to his predecessor, Sir Ron Dearing, in 1981.

In the 1970s, the Post Office had an unglamorous image. It was seen as over-manned, with low productivity and ever rising prices, facing an increasing squeeze from newer ways of sending messages, such as electronic mail.

The Post Office's reputation has been transformed in the 1980s, allowing Sir Bryan to say yesterday, as he travelled in his car to his first meeting at the Post Office, that his aim was to "build on the considerable achievements of Sir Ron Dearing."

Consumer organisations agree. "The economics of the whole thing are good now. Volumes are going up and staying up," according to Mr Julian Blackwell, chairman of the Mail Users' Association and of the Blackwell Group.

Against most expectations, the number of letters sent has increased 25 per cent over the past five years. This was partly due to new types of demand such as direct mail advertising, but also to Sir Ron's policy of keeping price rises below inflation.

A drive on costs paved the way for the Post Office's ability to keep down prices. Pioneering deals with the postal unions allowing greater labour flexibility and the use of more part-time workers have underpinned this exercise in an industry where labour accounts for as much as two-thirds of costs.

This has fed through into the bottom line, with the corporation consistently turning in profits—almost unique among postal administrations throughout the world.

Yet Sir Bryan still has plenty to do in his new post. Priority number one, at least in the eyes of many consumers, is improving on letter delivery times: last year about 87.7 per cent of first class letters were delivered the day after posting, against a target of 90 per cent, according to Post Office statistics which are themselves doubted by consumers' organisations.

"He's got to get quality sorted out," Mr Blackwell said yesterday, a point echoed by Sir Bryan himself: "I think the issue of getting the last 3 percentage points is obviously very important."

To do this, Sir Bryan will need to tackle the unofficial disputes in some blackspots, such as parts of central London, which are a testament to the continuing resistance to the productivity deals among some local activists.

He will also need to manage the smooth introduction of the Post Office's ambitious plans to automate key parts of its operations, such as its counters.

Sir Bryan: has shown calmness and independence

Sir Bryan believes his patient dealings with the unions at the MSC and, before that, his management of a high tech organisation as chairman of Rank Xerox UK demonstrate the right track record for the job.

He summed up his task as completing the transformation of the Post Office started by Sir Ron into a market-driven, commercially oriented organisation.

Pension fund to float property arm in US

BY HUGO DIXON

THE BRITISH Coal Pension Fund is planning to float Pan-American Properties, its $400m (£254.7m) US property subsidiary, on the US stock market in the next three months in order to reduce its exposure to the dollar.

The fund will sell up to half of the equity in Pan-American, while still retaining control.

This is believed to be the first time a British pension fund has floated off property assets in this way.

Mr David Prosser, chief executive of CIN Management, which manages the pension fund, said the fund had large exposures to the dollar both through the stock market and through property. "Together, the exposure is too great to the dollar," he said.

However, the fund did not want to sell off individual properties, because it liked the spread of Pan-American's portfolio. Floating the company was a "way of top-slicing, while retaining control," he added.

Mr Prosser said he expected the flotation to take place within three months, provided market conditions were satisfactory.

Pan-American has gross assets of $500m and net assets of just less than $400m. The level of demand from other investors would determine what proportion of its equity the fund decided to keep, Mr Prosser said.

Nearly all Pan-American's properties, which include shopping centres and office complexes in Boston, San Francisco and Los Angeles, will be included in the flotation. However, the Watergate Hotel block in Washington, one of the fund's assets, will not be included because it has a complicated ownership structure.

The fund has total funds of £10bn but its trustees do not allow it to invest more than 20 per cent of its assets overseas. Recently, it has been investing more in D-Marks and yen.

"We see this (the flotation) as an opportunity to look at these markets further," said Mr Prosser. He added that it was a way of obtaining more flexibility.

The fund is working on other innovative ways of managing its investments. "I have a desk full of innovations, but I can do only one at a time," said Mr Prosser.

MoD admits frigate computer project delay

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

THE Royal Navy's Type 23 frigates will be forced to enter service without a fully computerised command network to run their weapons systems, the Ministry of Defence admitted yesterday.

The announcement follows several months of speculation about the future of the warships' computers after the original project to upgrade the Navy's Ferranti CACS system ran into trouble.

Because of these problems the ministry has decided to abandon the CACS product line after spending about £30m trying to upgrade it to meet more complex data processing requirements.

A new system is to be developed. This will require a definition phase of about a year to decide on the appropriate product, followed by detailed development and production work which will push back the original programme for installation in the Type 23s.

Command systems lie at the centre of a modern warship's weapons capability, taking information fed in by sensors and other terminals and translating it into possible courses of action.

As weaponry has become more sophisticated, the need for more powerful computers has developed. Demand has also grown for more flexibility, so that the computer can handle the many requirements thrown up by the progress in electronic warfare.

The ministry's decision reflects the shift in defence procurement towards more competitive forms of tendering for both design and production work. It also underlines the Government's sensitivity to the computing needs of future generations of weapon systems —a point which was proven by the cancellation of the Nimrod airborne early warning system last year, partly because of problems associated with its computer.

The two consortia chosen for the £2.5m definition studies on the new project will include Ferranti, which has had a virtual monopoly of shipboard computing systems for the Navy for many years. Ferranti will be working with Logica, a UK software house, and will be competing against Plessey, which is involved in Navy projects with its sonar systems, and which will undertake joint development with Software Sciences, the Thorn EMI software company.

Whichever wins, the final production contract could attract work estimated by City analysts to be worth between £150m and £300m over a 10-year period.

Ferranti said yesterday that the abandonment of further development of its CACS product line would be unlikely to have any impact on jobs, although employment could be affected if it failed to win the production contract.

The company has reduced the workforce in its Computer Systems division by about 200 to 8,000 over the past 18 months.

The ministry, which said yesterday that the new command system would not be available before the "early 1990s," sought to play down the effects of the delays on the computer system, stressing that ships' officers would be able to operate all the weapons and sensors individually.

The first of the Type 23s, four of which are on order, was launched a few weeks ago, but is unlikely to be fully fitted out for service before 1990.

BBC vans to be given a facelift

By Feona McEwan

THE BBC is sharpening the image of its 1,000-strong fleet of commercial vehicles with a new livery and logo.

The facelift, the first since the corporation's inception more than 40 years ago, is an attempt to promote a more contemporary image.

Mr Michael Bunce, controller of information services, said: "Over the past few years the excellence of the BBC programmes has not been sufficiently reflected in the identity of its livery."

Instead of the green of the present vans, which have been described as dowdy, the new-look colour will be grey.

Side posters promoting long-running BBC programmes, such as the test match or the Proms, also show that the BBC is not averse to advertising itself.

"The vehicles will be elegant travelling ads for our programmes and networks," said Mr Bunce. The corporation's initials have also been redefined and colour-coded to identify different television regions.

The BBC insists that the new look, in the pipeline for more than a year, is unconnected with the appointment early this year of a new director general. The cost of the project, handled by the Michael Peters Group, is not disclosed.

Although the new logo is likely to be applied in time to such other things as stationery, it is unlikely to be seen on screen in the immediate future.

Open College broadcasts start next month

BY RAYMOND SNODDY

THE OPEN COLLEGE, the distance learning initiative which will use broadcasting to try to improve vocational training, plans to offer more than 50 courses in its first year.

The first programme, an hour-long live general production for new learners, will be broadcast on Channel 4 on Monday September 21.

The Government has contributed £15m to set up the college, which is intended to complement the Open University, although the college is supposed to become self-financing from industrial sponsorship and fee income within three years.

Miss Sheila Innes, chief executive of the Open College, said yesterday that each day would have a distinct theme in the Channel 4 schedules, although BBC television and radio and ITV would also broadcast individual programmes.

On Mondays there would be general live programmes for learners produced by Yorkshire Television, and on Fridays a regular programme for tutors produced by Diverse Productions, an independent production company.

Tuesday programmes would concentrate on "getting started" and were expected to concentrate on basic skills such as numeracy and literacy. Wednesday would deal with personal skills, including business and management and Thursdays would feature technology.

One of the first courses to be produced will be on selling techniques for the retail sector. Business and management skills are also emerging as a strong theme.

Details of the courses, which are attracting attention from other countries, will be announced at the end of this month.

The college hopes to attract 50,000 students in its first year. A recent documentary by Granada TV on the college and an advertisement on London Weekend Television generated more than 2,500 inquiries.

Three bankers appointed to Sedgwick board

By Nick Bunker

SEDGWICK GROUP, the world's third largest insurance broker, has appointed three international bankers as non-executive directors, bringing to 10 the total of non-executive seats.

The three are Mr Rupert Hambro, former chairman and chief executive of Hambro Bank; Mr Franz Lutolf, general manager of Swiss Bank Corporation; and Mr Pierre Moussa, former chairman and chief executive of Banque Paribas.

Mr Moussa is also chairman of Dillon Read, an investment bank 50 per cent owned by Travelers Corp, a large US insurance company.

Mr George Hilton, Sedgwick's group secretary, said Sedgwick had significant interests in Europe and the three appointments would add extra expertise.

Civil Service policy query

BY DAVID BRINDLE, LABOUR CORRESPONDENT

CIVIL SERVICE trade unions have asked for assurances from the Government on the management of the service, and requested consultation on changes in management policy.

This follows the announcement last week that the Management and Personnel Office, part of the Cabinet Office, was to surrender to the Treasury much of its managerial responsibility for the service.

Mr Peter Jones, secretary of the Council of Civil Service Unions, sent a letter to Sir Robert Armstrong, Cabinet Secretary and Head of the Home Civil Service, in which he said the unions were not consulted about the changes.

"With the abolition of the MPO, the dominance of the Treasury can only increase, and the possibilities for ensuring the input of vital non-financial considerations will disappear," he said.

Foreign cars account for more than half of sales

BY JOHN GRIFFITHS

CARS with more than 60 per cent local content account for less than half of sales so far this year.

This is in spite of statistics from the Society of Motor Manufacturers and Traders earlier this week showing that imports accounted for only 49.92 per cent in the first seven months.

The society figures include as British Nissan Bluebirds assembled at Washington, Tyne and Wear.

However, under the terms of Nissan's agreement with the Trade and Industry Department, output of 24,000 cars a year at Washington will be treated as imported as long as their European content is less than 60 per cent—a proportion yet to be achieved.

In the first seven months of this year, 9,495 Washington-assembled Bluebirds were registered, representing 0.9 per cent of the 1,052,386 total sales.

When this percentage is added to the society's calculation of imports, UK-sourced cars are reduced to a minority.

The society yesterday acknowledged a difference of interpretation. It said its statistics were compiled according to where the cars had been built.

June trade deficit falls sharply

BY JANET BUSH

THE current account of the balance of payments remained in deficit in June, but the shortfall of £168m was sharply reduced from May's £527m deficit, according to figures released yesterday by the Trade and Industry Department.

The figures show a £768m shortfall on visible trade, reflecting still-strong growth in imports and less dynamic growth in exports. June's visible deficit was only partly offset by a £600m estimated surplus on trade in invisibles. June's deficit compares with the £1.13bn shortfall on visible trade recorded in May.

Taking together the three months April to June, there was a deficit on visible trade of £2.4bn made up of a surplus on trade in oil of £1bn and a deficit on non-oil trade of £3.5bn.

The visible balance has deteriorated by £1.3bn since the first quarter, reflecting mostly a sharp rise in the deficit on non-oil trade.

The volume of total exports fell by 3 per cent between the first and second quarters to a level 3½ per cent higher than in the April to June period last year. Excluding oil and erratic items, export volumes fell by 1½ per cent between the two quarters but remained 6 per cent higher than the period from April to June last year.

In judging the underlying trend, the department said non-oil exports had settled at a level a little below the high totals reached at the end of last year.

In contrast, import volumes jumped by 5½ per cent between the first and second quarters to stand 9 per cent higher than the period from April to June last year. Excluding oil and erratic items, the growth in import volume between the two quarters was also 5½ per cent and 9½ per cent above the second quarter, 1986. Within these totals, imports of cars and consumer goods stood out. Car imports grew 18 per cent between the first and second quarters and finished consumer goods imports increased by 10 per cent. The import of capital goods was only 2½ per cent higher in the period from April to June compared with January to March.

CURRENT ACCOUNT
£m, seasonally adjusted

		Visible Trade			
	Current Balance	Balance	Exports fob	Imports fob	Invisibles Balance
1985	+3,450	−2,178	78,111	80,289	+5,628
1986	− 120	−8,253	72,843	81,096	+8,133
1986 Q1	+1,064	−1,227	18,164	19,391	+2,291
Q2	+ 163	−1,551	17,786	19,337	+1,714
Q3	− 762	−2,873	17,553	20,426	+2,111
Q4	− 585	−2,602	19,340	21,942	+2,017
1987 Q1	+ 667	−1,135	19,637	20,772	+1,802
Q2	− 630*	−2,430	19,323	21,753	+1,800*
April	+ 64*	− 536	6,604	7,140	+ 600*
May	− 527*	−1,127	6,347	7,473	+ 600*
June	− 168*	− 768	6,373	7,140	+ 600*
Jan-June 1987	+ 37*	−3,565	38,960	42,525	+3,602*

* Invisibles for April to June 1987 are projections.

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Share exchange is disposal of assets

WESTCOTT (INSPECTOR OF TAXES v. WOOLCOMBERS LTD.

Court of Appeal (Lord Justice Fox, Lord Justice Nourse and Sir Denys Buckley): July 31, 1987

WHERE A company transfers shareholdings to another company within its group in exchange for an issue of shases, the transaction for its own corporation tax purposes is deemed not to be a disposal; but on subsequent disposals of the same asset within the group, allowable loss or chargeable gain is assessed on the basis that the exchange was a disposal and that each company gave a consideration for the asset equal to the price paid for it by the original company.

The Court of Appeal so held when dismissing an appeal by the Inland Revenue from Mr Justice Hoffmann's decision (*[1986] 2 FTLR 1*) that a disposal by a subsidiary company, Woolcombers Ltd, of an asset bought from another subsidiary in the same group, gave rise to an allowable loss for corporation tax purposes.

Paragraph 2(1) of Schedule 13 to the Finance Act 1965 provides: ". . . where a member of a group of companies disposes of an asset to another member of the group, both members shall . . . be treated . . . as if the asset were acquired for a consideration of such amount as would secure that on the *other's disposal* neither *a gain* nor a loss would acrue to that other . . ."

Paragraph 4(2) of Schedule 7: ". . . reorganisation . . . of a company's share capital shall not be treated as involving any disposal of the original shares . . . *and the new holding* . . . shall be treated as the same asset."

Paragraph 6(1) of Schedule 7: ". . . where a company issues shares . . . to a person in exchange for shares in . . . another company, paragraph 4 above shall apply with any necessary adaptations as if the two companies were the same company and the exchange were a reorganisation of its share capital."

LORD JUSTICE FOX said that in 1965 a parent company acquired the issued *share capital* of three companies for £1,270,380.

On March 23 1986 it transferred the shares in those companies to its wholly-owned subsidiary, Topmakers, in consideration of 1,999,900 newly-issued shares in Topmakers.

Topmakers sold the shares in the three companies to another subsidiary, Woolcombers, for £601,235.

On *January 7 1972* the three companies went into voluntary liquidation. The market value of the assets received by Woolcombers on distribution in the liquidation was £601,235.

The dispute was whether the distribution gave rise to a loss available to Woolcombers for corporation tax purposes.

Chargeable gains were computed on the rules applicable to capital gains tax, under which consideration for the acquisition of an asset was deducted from the consideration for its disposal.

The relevant disposal by Woolcombers was the liquidation of the three companies. The consideration was the £601,235 market value of the *proceeds of the liquidation*. The issue was the amount of the consideration for which Woolcombers was deemed to have acquired the shares from Topmakers. The operative statute was the Finance Act 1965.

Paragraph 2(1) of Schedule *13 to the Act* imported a special rule in relation to a disposal by one member of a group to another. It imposed the assumption that the disposal was made for such consideration as would secure that neither a loss nor a gain would accrue to the disponer company.

The General Commissioners found that the transfers of shares from the parent to Topmakers, and from Topmakers to *Woolcombers*, were disposals from one member of a group to another.

They therefore held that in each case the acquiring company must be regarded as having given the same consideration for the shares in the three companies as the parent gave when it purchased them.

On that basis *the liquidation* of the three companies gave rise to an allowable loss of the difference between £1,270,380 and £601,235.

The Revenue appealed. Mr Justice Hoffmann dismissed the appeal.

The Revenue contended that the Commissioners were wrong in concluding that there was a "disposal" of the shares of the three companies by the parent company to Topmakers, and that paragraph 2(1) therefore did not apply.

The argument was based on Schedule 7 paragraphs 4(2) and 6(1) to the Act.

Paragraph 6(1) applied "where a company issued shares . . . in exchange for shares. . . ." Topmakers issued shares to the parent in exchange for the shares in the three companies.

Therefore paragraph 4(2) applied "with any necessary adaptations as if the two companies [Topmakers or each of the three companies] were the same company and the exchange were a reorganisation of its share capital."

The Revenue contended that the result of those provisions was that the parent must be treated as *not* having disposed of the shares in the three companies, or having acquired the shares in Topmaker. It said paragraph 2(1) did not come into operation because it required a disposal as well as an acquisition within the group. The result was that Woolcombers made neither a profit nor a loss.

There was no doubt that transfer of the shares in the three companies to Topmakers was a disposal. The question was whether that was displaced by the operation of paragraphs 6(1) and 4(2).

The combined effect of paragraphs 4(2) and 6(1) was to impose two fictions—the no disposal fiction ". . . shall not be treated as involving any disposal . . ." and the composite single asset fiction "the original shares . . . and the new holding . . . shall be treated as the same asset. . . ."

Those fictions were only applicable to a case which was within paragraph 6(1) "with any necessary adaptations."

Paragraph 4(2) was concerned with one company situation, where the shareholder started and finished with shares in the same company.

Paragraph 6(1) was concerned with a two company situation, where the shareholder started with shares in one company and ended with shares in a different company. That was the present case. The parent started with shares in the three companies and finished with shares in Topmakers.

In the two company situation some adaptation of pargraph 4(2) (which was designed for the one company situation) was necessary.

Thus, in the present case, the composite single asset fiction could not be fully applied. The shares of the three companies in the hands of Topmakers could not be regarded as the same asset as the newly issued *holding, which was in different* ownership.

The Revenue submitted that all that was necessary to avoid that difficulty was to treat the single composite asset fiction as not applying to the shares in the three companies after their *transfer to Topmakers. It* was not necessary, it said, to interfere with the no disposal fiction. All that was involved was the assumption that Topmakers *acquired* the asset without a disposal.

That was not accepted. Paragraph 4(2) was concerned to ensure that the shareholder was not taxed in consequence of the transposition of his shareholding. If one of the fictions could not be applied to *Topmakers*, the other could not either. The fictions were part of a single tax hypothesis and went together.

The purpose of that hypothesis was to relieve the shareholder in a one company situation, and the transferor of the original shares in the two company situation from liability to tax.

In the two company situation the purpose could be achieved by limiting the fictions to the tax consequences of the transaction to the *owner* of the original shares (the parent company).

The single composite asset fiction simply could not be applied to Topmakers; and to apply the no disposal fiction meant that Topmakers, which had undoubtedly *acquired* the shares in the three companies by transfer, must be assumed to have done so without any disposal to it.

There was no reason to accept so unreal a result when the purpose of the legislation could *be achieved by limiting* the operation of the fictions to the parent company's tax position.

That result did not avoid artificiality, but the court was dealing with fictions, and in pursuance of the statutory direction, adapting them as *realistically as it could*, to a situation which was very different from that for which paragraph 4(2) was designed.

On ordinary principles the transfer by the parent to Topmakers was a disposal. If the analysis of the effect of paragraphs 4(2) and 6(1) was correct, that concluded the matter, since the parent would be treated as disposing of the shares for £1,270,380, as would Topmakers.

As far as the group was concerned there was a real loss. If the parent had purchased shares in the three companies for £500,000 and the liquidation had produced £1m, the group would have made a real profit. There was no reason why it should not be taxed or given allowance accordingly.

The appeal was allowed.

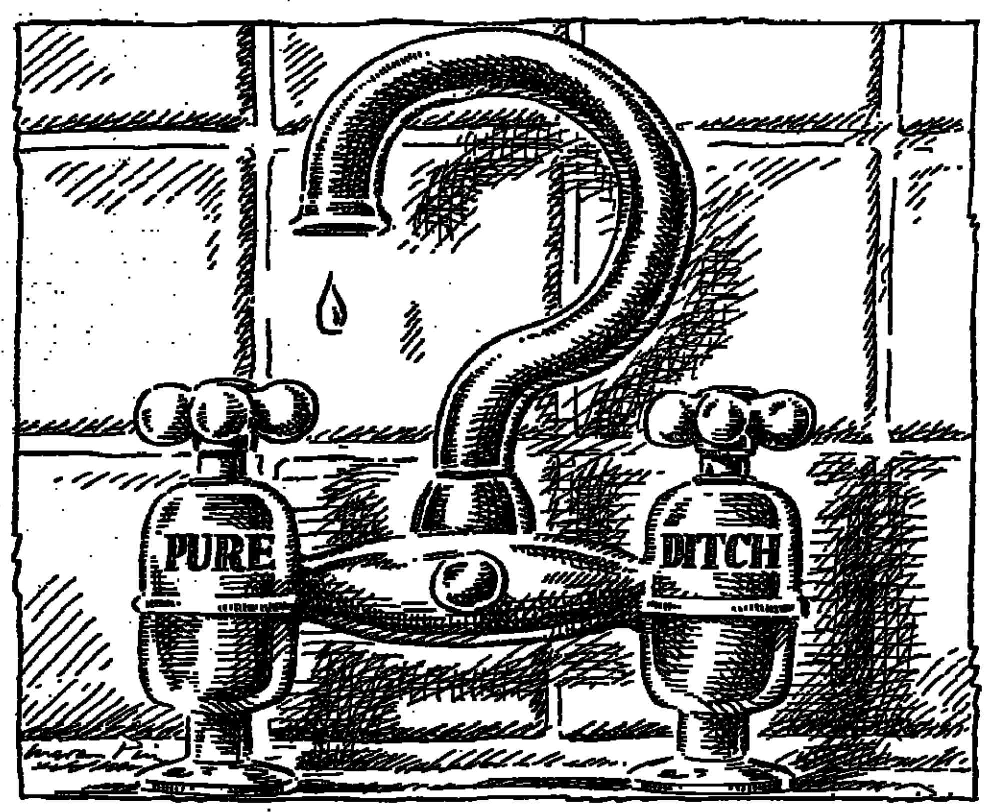
Lord Justice Nourse agreed. Sir Denys Buckley gave a concurring judgment.

For the Revenue: Christopher McCall QC (Inland Revenue Solicitor).

For Woolcombers: Andrew Park QC (Herbert Smith & Co).

By Rachel Davies
Barrister

TECHNOLOGY



Good health: Make mine a Perrier-ditch cocktail

The European Commission announced last Friday that it was taking legal action against seven member states for failing to keep the purity of their water up to EC standards. But is pure water synonymous with healthy living? Ralph Atkins reports

WHAT WOULD you like to drink with your lunch—Perrier or ditch water?

The question is likely to be met with an astonished silence in most restaurants, but it is one of a series raised in the wake of recent developments in Britain's water purification industry.

Technological advances, which allow very pure water to be produced in large quantities for industrial applications, are spilling into the domestic market with sales of domestic water purifiers rising rapidly.

The paradox is that, although the case for pure water for industry is clear cut, purity is not necessarily synonymous with healthy living. After all, there is little dispute about which is better, brown bread or white.

For about £500 it is now possible to buy an under-the-sink unit which will convert tap water from a cocktail of dissolved minerals, particles in suspension, organisms and other impurities, into a clear, palatable and odour-free drink.

At the same time, sales of bottled mineral water have accelerated in recent years. Mintel, the market research specialists, estimate the UK market, led by Perrier, has expanded from sales of 6m litres in 1977 to 80m litres in 1985.

The demand for cleaner and more palatable water has triggered the growth of domestic purification. But it is the large-scale industrial users which have pioneered research into water.

The industrial water purification market—not to be confused with the softening industry—expanded considerably in the 1970s to match the demands of power stations and heavy industry. Its turnover is now worth about £250m a year with exports accounting for about half of this figure.

Pure water is used in steam turbines to stop the build up of deposits on blades. Electronics companies need ultra pure water to wash tiny circuit boards where the intricate and densely packed connections could be shorted by particles as small as a molecule.

Companies like Dewplan and Elga, both small but thriving concerns based in High Wycombe, Buckinghamshire, aim to manufacture systems which can produce water with just one part of impurities per billion of water—equivalent to a level teaspoon of salt in an olympic size swimming pool.

Such extreme levels are probably as near to theoretical purity as it is possible to achieve. "We are getting down to the limits of detectability," says Peter Jackson, process director at Dewplan.

Now the target is to produce pure water in larger quantities. A modern nuclear power station, for instance, can need 700 tons an hour.

The task is to remove dissolved minerals and gases, organisms, organic impurities and particles in suspension. Four methods can be employed. The first is distillation. Although popular in hospitals and laboratories to produce sterile water, it is an expensive and slow process boiling, condensing and then cooling water.

The second technique is filtration. Meshes of varying density are used to remove undissolved particles. These range from gravel and sand down to clay suspensions perhaps as small as a tenth of a millionth of a metre.

In the third method, ion-exchange resins are used to remove unwanted *ions*—atoms carrying an electrical charge. The resins, which look and feel like sand, work by swopping ions such as sodium with hydrogen ions which, together with oxygen ions and H_2O molecules, are found in pure water.

Finally, reverse-osmosis is used to remove the tiniest particles and organisms. In normal osmosis, particles move across a membrane from an impure solution to a purer one. But by applying pressure in the opposite direction to this natural flow, it can be used to push out impurities.

In industrial applications these methods are often combined to match customers requirements and the quality of the local water supply.

The systems can grow to large proportions. Elga boasts eight regeneration towers, almost reaching the ceiling of a converted bus garage, which are used for regenerating ion-exchange resins. Reverse-osmosis tubes, filled with man-made fibres, looking like a shrunken knitted jumper, can be as long as an articulated lorry.

Domestic systems, however, are smaller and the requirements are very different.

Totally pure water is not only bland to taste but possibly dangerous for humans to drink because it is a strong solvent. Large quantities would drain important minerals out of the body.

Tap water, with perhaps 400 parts of impurities per million of water, provides a supply of bacteria and other organisms which add to the flora and fauna of the human gut and help digestion and fight disease. These are not present in purified water or bottled mineral waters which have filtered through porous mountain rocks.

"Man was designed to drink water out of the nearest ditch," explains George Solt, director of water sciences at the Cranfield Institute of Technology. But, he points out, the problem in the 20th Century is that humans are not designed to cope with the side-effects of modern industrial and agricultural minerals.

The quality of tap water is carefully monitored by the water authorities and has to meet strict standards set by the Government. However, in recent years, there has been increasing concern — largely unproven—about the potentially harmful effects of some impurities that remain.

The controversy centres mainly on nitrates from fertilisers which, if they enter the blood stream, can reduce its ability to carry oxygen around the body and possibly lead to the creation of carcinogenic forms—which can cause cancer.

The problem of lead from pipes is well known but exessive aluminium could destroy the nervous system if allowed to build up in large quantities, and its presence in water is particularly dangerous if used by patients on kidney dialysis machines.

In the US there is concern that chlorine used in water treatment plants may form compounds with organic impurities which may in turn oxidise or be broken down by bacteria to create haloforms. These are compounds formed from elements such as fluorine or chlorine and which might be carcinogenic.

Domestic water purifiers vary in size, cost and effectiveness. Some merely remove odour and colour but others deploy techniques like reverse-osmosis and ion-exchange which can effectively remove the majority of impurities.

The water they produce, however, is not necessarily ideal for humans if it lacks useful minerals and organisms—unless they are found in other parts of a diet.

There is another problem for the ultra cautious health freaks. Some impurities—particularly *haloforms*—are volatile meaning that if they were present in water they would be more likely to affect humans in the form of steam from hot showers. Baths would probably be less of a problem.

But to provide enough water for showers would need a large purification system. Bathing in Perrier would be expensive and the bubbles might itch.

The health freak, therefore, finds himself in a quandry. Modern ditch water might contain impurities that could do long-term harm. Mineral water might be too pure.

How about a measure of finest ditch, mixed with Perrier?

Watchful eye on faraway places

SECURITY VIDEO monitoring of a location can be quickly arranged with an easily-transported system from Real Time Security Systems of Aldermaston in the UK.

Once set up, the 16lb battery-operated unit can be triggered by intruder sensors. It will then send a single frame of TV back to a surveillance base every 22 seconds over a radio link or phone line. At base, the pictures appear complete with on-screen identification of time, date and location. The system is well suited to the surveillance of remote, hazardous or normally inaccessible places.

Microscope images put in the frame

THOSE WHO have to look into a microscope eyepiece for extended periods should benefit from an electronic imaging system developed by PA Technology, the UK research group, for German microscope specialist Ernst Leitz Wetzlar.

Using a black and white TV camera bolted to the microscope optics, the new unit, called Multicon, takes a single TV frame and digitises the video signal. The user can then ask the electronics to process the image in various ways to improve visibility and pick out details that otherwise would be difficult to see. For example, selected parts of the image can be "stained" with false colour, contrast can be improved or otherwise altered, edges sharpened up, or shading put round an object to give a three-dimensional effect. UK production of the unit is expected to start before the end of the year.

The easy route to business grants

ACCORDING to Business Grant Services (BGS) of Charlbury, Oxford, although there are about 400 grants available in the UK for a variety of purposes, many commercial organisations do not even know they exist.

BGS has developed a computerised information service called Grant Man that will match the needs of its clients to the appropriate grants, ignoring those for which the client company is not eligible.

The list of grants changes continuously and BGS is able to provide an updated and tailored portfolio covering employment and training, business and technical advice, investment, innovation, exporting and several other categories. Information on the grants is laid out by BGS in a common format, making comparison and comprehension relatively easy.

Daiwa plugs into London markets

THE DATA processing arm of Daiwa Securities Company of Japan has set up a subsidiary in London.

Daiwa Computer Services Europe has been established to offer specialised data processing services tailored to the international securities industry operating through the London market.

Founded in Tokyo in 1975 to provide services for the Daiwa group, the computer services company has developed several innovative services, including a home trading system which enables investors to buy and sell stocks from their personal computers at home.

Sparking ideas of cheaper aluminium

BATTELLE, THE US research group, says that aluminium producers could reduce their electrical consumption by 30 per cent using new, inert electrodes it has developed. Carbon electrodes in aluminium production conduct large electrical currents in special electrolytic cells. They wear away and it takes about 0.5 lb of carbon to make 1 lb of aluminium. The new electrodes are made of metallic-ceramic compound. They are said to wear away "very slowly" and use less electricity.

Rust-busters seek concrete proof

ALTHOUGH ITS effectiveness is still being evaluated, a method of protecting the steel reinforcing bars in concrete structures is said by the proponents, TAFA Inc, of Concord, New Hampshire in the US, "to hold promise."

The corrosion of the bars when moisture is present is because of an electrolytic action in which, in effect, a battery is formed and the steel bars, forming an electrode, are turned into iron oxide. A way of nullifying the effect is to apply an electric current in the opposite direction. The TAFA method achieves this by spraying the external surface of the concrete with a 0.007-inch layer of zinc and applying a voltage.

The company believes that the method "could immeasurably extend the life of concrete bridges" while reducing maintenance costs. After grit blasting the concrete to clean it, coatings are applied with specially-designed electric arc spray guns developed by TAFA. Several experimental installations are under assessment in the US and Canada.

Magnetic cards join the club

SMALLER ORGANISATIONS like sports and social clubs and others that need secure access to premises, can issue their own magnetic stripe plastic cards using the PC-280 card encoder from Datastripe of Camberley in the UK.

The system costs only £750 and will encode and read a single track of data on a standard magnetic stripe card. It is designed for use in conjunction with an existing IBM personal computer, the keyboard of which is used to enter the encoding data.

CONTACTS:

Real Time Security Systems: UK, 07356 77781. PA Technology: UK, 0763 61222. Business Grant Services: UK, 0608 811212. Daiwa Computer Services Europe: London, 248 8080. Battelle: London office, 493 0184. TAFA: US, (603) 224 9585. Datastripe: UK, 0276 684088.

JOBS

Further laws of organisational stupidity

BY MICHAEL DIXON

JUST in case other readers share the suspicions harboured by a certain John Pettinger of Bracknell, there is something which needs to be confirmed. It is that the Jobs column has not been banned by the Law Lords from printing anything further about the laws of organisational stupidity.

The reason for the lengthy silence is that the work done on the topic since last December has been mainly to refine the 17 such laws already formulated. Take for example the one called Winkler's Twist in honour of its discovery by the sociologist Jack Winkler.

What he discovered was that if the pay and other benefits of a job are so routine that the worker comes to expect them as a matter of course, they cease to have a motivating effect. The only way an employer can use them as an incentive to work harder and better is to threaten to stop giving them. In that case, instead of motivating positively as rewards to the workers who receive them, they do so only negatively as punishments to those who do not. The same applies the other way round if penalties prescribed for misdoings are over-routinised too.

In the version in which I last printed it, Winkler's Twist stated: Routine responses motivate only those they are withheld from. Although that was patently an unsatisfactory wording, it was the best that could be managed at the time.

While the problem of improvement was being wrested with, it was realised that the law is more generally applicable than had previously been recognised. For instance, it covers not only bureaucratic-type salary systems but also the phenomenon of the mechanical alarm clock that does not prevent you from sleeping by its ticking, but wakes you up when it stops.

So it has now been rephrased to state: Routine events stimulate only when they fail to occur.

But nitty-gritty work like that is not all that has been going on. There have also been initial talks with a manager of an eminent book-publishing company who is interested in putting out a slim volume about the laws if he can persuade his organisation that anyone would be likely to buy a book on such a subversive topic. Moreover two further laws have been provisionally formulated to bring the total up to 19.

The first of the additions, contributed by reader Michael Nevin, is named Solzhenitsyn's Shackle because the nub of it is spelt out in Alexander Solzhenitsyn's book August 1914. The apposite passage, in chapter 24, reads:

"The army will gladly pay tribute to a brilliantly gifted man—but only when his hand is already grasping a field marshal's baton. Till then, while he is still reaching for it, the army's system will subject his outstretched arm to a rain of blows.

"Discipline, which holds an army together, is inevitably hostile to a man of thrusting ability, and everything that is dynamic and heretical in his talent is bound to be shackled, suppressed, and made to conform. Those in authority find it intolerable to have a subordinate who has a mind of his own; for that reason, an officer of outstanding ability will always be promoted more slowly, not faster, than mediocrities."

Hence Solzhenitsyn's Shackle, which rules: Excellence rises at a decelerating rate as the promotion ladder lengthens.

The second addition emerged from observations made by one of my colleagues, and so is named after her. It is Selby's Scrambler and states: Myths about a chief's wishes multiply with each link in the chain of command.

The scrambler also has an army context because it covers the legendary commander's message to "send reinforcements, we're going to advance" which, having been relayed down the line, reached headquarters as "send three and fourpence, we're going to a dance."

But the same law is of course continually at work in large organisations of all kinds. One of the most arresting instances I know of its working in the business world is the following incident, which was reported by a big-company middle-manager to the American management writers Rosabeth Kanter and Barry Stein

"There are courtiers around the top guys, telling them what they want to hear, flattering them. For example, there was a luncheon with some board members. The vice-chairman mentioned that he was looking for a car for his daughter. A courtier thought: "We'll take care of it." He went down the line, and someone in purchasing had to spend half a day doing this. The guy who had to do it resented it, so he became antagonistic to the top.

"The vice-chairman had no idea this was going on, and if he had known, he would probably have stopped it. But you can't say anything at the top without having it be seen as an order. Even ambiguous remarks may get translated into action. At the top you have to figure out the impact of all your words in advance because an innocent expression can have a major effect."

Although one lesson from that incident for senior managers is careless talk can cost millions, the unfortunate fact is that they cannot rule out similar unwanted goings-on merely by keeping silent—or not if their company is organised in a bureaucratic way. For the observations that gave birth to the scrambler indicate that, if there is any question important to subordinate rankers on which the chief might be expected to have a wish but has not expressed one, then myths will rush in to fill the gap.

Even with the two recent additions, however, the search for new laws is not complete. For instance, I have lately been alerted to another possible inclusion put forward in the 1960s by one Michel Crozier in the form: In a bureaucracy, people's power varies inversely with their predictability.

Since no law may be accepted into the code unless the way in which it works is understood, that one must remain only speculative until the full explanation has been tracked down. So if any reader knows what it is, I'd be very grateful to hear it.

Bundle of bonds

CITY of London recruiter Tom Kerrigan is seeking a variety of people for financial concerns in the area which he may not name. So, like the other headhunter to be mentioned later, he promises that no applicant who so requests will be identified to the employer at this juncture.

Two of the jobs—the first with a British bank of the merchant variety and the second with one of Middle East ownership — are for Eurobond traders with at least two years' success in the field of bonds denominated in US dollars. In addition Mr Kerrigan has been asked by an American bank to find "several" demonstrably competent Eurobond salespeople; what currencies they have concentrated on does not matter.

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Inquiries to Tom Kerrigan Associates, 2nd Floor, 20 Wormwood Street, London EC2M 1RQ; telephone 01-588 4303.

Investment head

BRIAN BURGESS of the Lloyd Chapman Associates recruitment consultancy is looking for an investment director for an unnamed group's London subsidiary dealing and brokering in gilt-edged securities.

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Mr. Nigel Pullman on 01-251 1414
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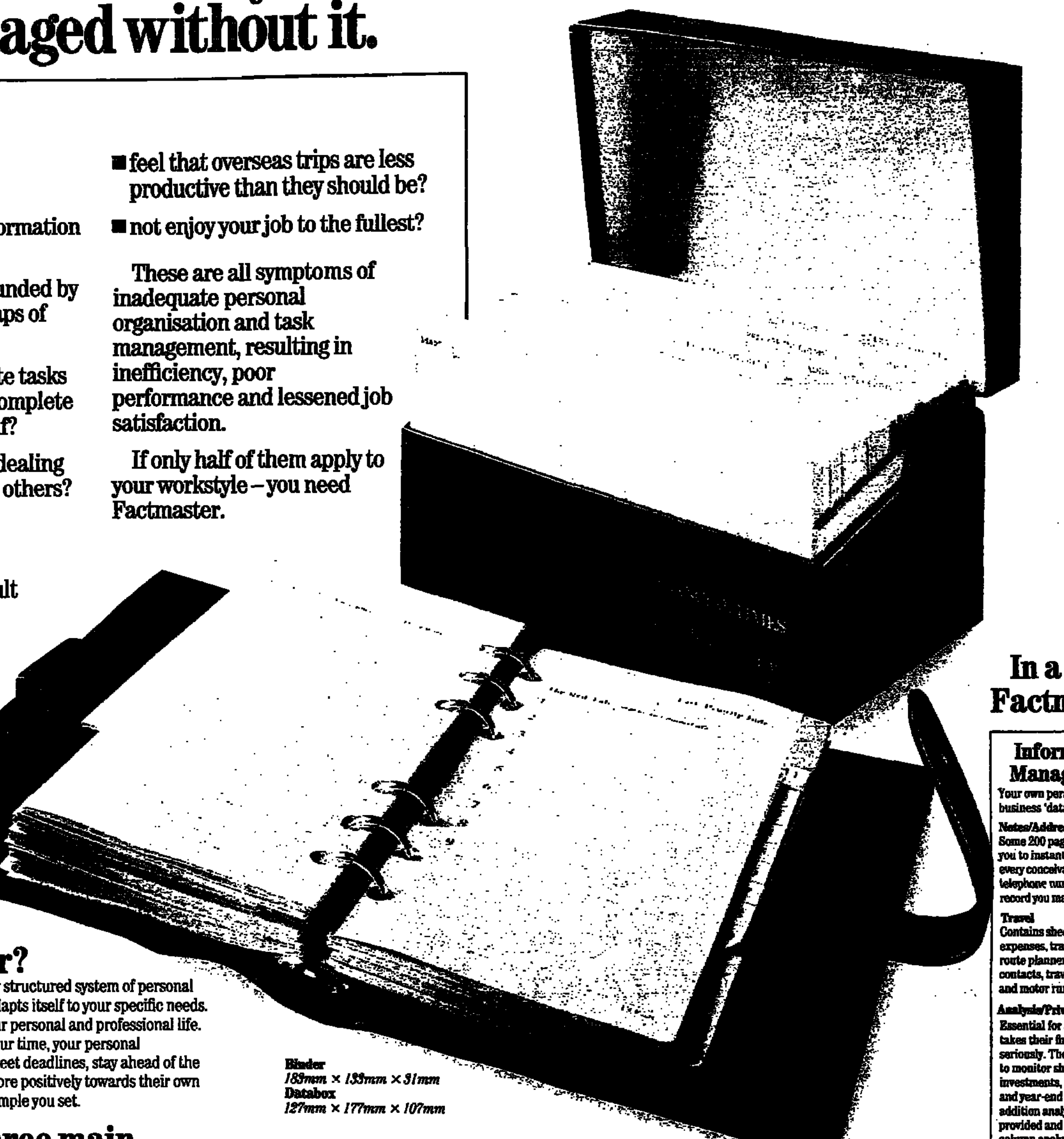

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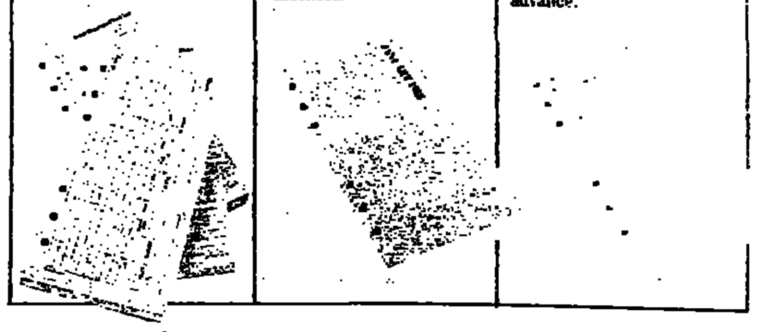

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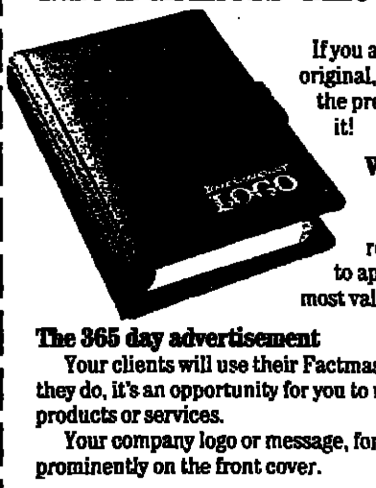

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Aachener and Muenchener

Creating a 'laboratory' for financial services

Haig Simonian on the W German insurance group's diversification

HELMUT GIES, the 58-year-old chief executive of the Aachener and Muenchener (A&M), West Germany's fifth largest insurance company, could have become a press baron.

Buying into the newspaper business was one of the options Gies seriously considered when he first started thinking about expanding the A&M beyond insurance in the late 1970s.

However, suitable stakes were not available. Instead, when the rare opportunity arose in January 1986 to acquire, from the country's trade union movement, a controlling stake in Bank fuer Gemeinwirtschaft, Germany's twelfth largest bank, Gies grasped it.

By November, the A&M had reached agreement with the trade unions' holding company to buy a DM 1.9bn controlling interest (50 per cent plus one share) in the bank, which has total assets of DM 60bn.

As a result, the A&M, which is 20 per cent owned by Royal Insurance of the UK, is now in the thick of a gradual transformation from a middle-sized insurer into a wide-ranging financial services group.

It has also become a "laboratory," to quote Gies, for bankers and insurance executives all over the world who have thought about forging closer links between the two businesses but have been constrained by lack of opportunity or domestic regulatory barriers.

Theoretically, bringing the two together has much to recommend it for management on both sides. Banking and insurance both thrive on retail client contacts; insurance policies can be marketed heavily to bank customers from local branches, while policyholders with spare cash can be encouraged to take up bank savings schemes or buy into bank-managed investment trusts.

"A youngster comes into the bank for a loan to buy a moped," says Gies. "Here is the first chance to sell him some insurance too. Later, it might be a house or a car. One day further on, life insurance or investment advice will follow." He hardly needs to add that when the life policy matures the bank will be on hand to advise about reinvestment and inheritance.

Realising the bank-insurance synergy is another matter, however, and acquisitions in unfamiliar business areas hardly have a guaranteed success rate. The biggest problem is getting staff to think and work together. Some insurers believe that banking and insurance people do not mix as they require very different mentalities.

Gies himself admits that "a man who is as good a banker as he is an insurance person doesn't exist." And he recognises that bringing together the sales-based and commission-driven outlook of an insurer with the more prudent, less sales oriented mentality of most bankers will be one of his hardest tasks. He speaks of the need for an "Oberkommando," a high command, to knock heads together.

However, he is confident that such cross-marketing will ultimately succeed, and that old bankers can soon learn new insurance tricks. A shared appreciation of the profit motive is what he hopes will eventually bring staff at the two institutions together. "As soon as the first two or three BfG branches start making real money out of insurance, the word will go round the others," he says.

> Some insurers believe banking and insurance people do not mix

Moreover, there are some reasons special to West Germany which make the incentive for an insurer-bank marriage all the more attractive. Insurance companies, particularly those with life subsidiaries, face two common problems. A blip in the country's birthrate means a surge of life policies is due to mature in the next few years. Keeping the money that accrues within the insurance system rather than seeing it slip away to the banks' investment funds will be the industry's major challenge.

Some will find it hard. German insurance, with its large number of very well established companies, is highly developed when it comes to marketing and underwriting policies. But such expertise is far less evident when it comes to investment management, the other side of the insurance coin. Investment departments look after the money flowing in from policies, and are often vital in providing profits when underwriting is in the red.

Though the total investment pool of German insurance companies is now estimated to be worth about DM 500bn, investment departments are understaffed and often mediocre. Investment policy is ultra conservative, while "riskier" ventures, such as the "special funds" many insurers have now been allowed to establish, have been farmed out to be run by banks. The "special funds" can have equity contents of up to 30 per cent against about 6 per cent in the insurers' own equity portfolios.

Developing investment expertise, therefore, is an additional reason behind the BfG purchase for Gies, though some insurers jibe that he has chosen a very expensive way of going about it. However, structural change in German insurance does not come easily, even for those companies keen to adapt, on account of the convoluted structure of the German insurance industry.

German insurers are often inter-linked in a complicated web of cross-holdings which hark back to the early, protected days, of the business. Rather than emulate the banks and buy stakes in industrial groups, insurers tended to buy stakes in themselves.

The A&M was no exception. Until two years ago, it owned 25.5 per cent of Colonia Insurance, one of the country's biggest insurance groups, and 25.1 per cent in Koelnische Rueckversicherung (Cologne Re), Germany's second largest re-insurer.

However, its philosophy under Gies has been to dispose of minority holdings which give it no overall management control in favour of majority stakes. In 1985, it sold its Colonia shares, followed in 1986 by disposal of the Cologne Re holding. Earlier last month, its last outside participation—37.2 per cent of Nordstern Allgemeine—was sold to the Swiss Winterthur group for around DM 400m (£135.5m).

The disposals have raised cash and concentrated the A&M's focus on BfG. Quite justifiably, as the bank has been going through some hard times. Many business clients closed their accounts last year after concern about its possible involvement in Neue Heimat, the heavily loss-making building group owned by the trade unions, where there have been charges of gross mismanagement. In the second half of 1986, the bank was hit by speculation about a likely change of ownership.

HELMUT GIES

Yet BfG had many attractions for Gies, despite its problems. For a start, only four German banks — Deutsche, Dresdner, Commerzbank and BfG — cover the whole country. The first three were certainly unavailable, and would anyway have dwarfed the A&M itself. Buying and then expanding a smaller regional bank would have taken too long. Moreover, BfG also had the attraction of international operations in Luxembourg, New York, Hong Kong and Switzerland.

BfG's poor results announced in June might seem on the surface to bear out critics of the deal. The bank's partial operating profits almost halved to DM 166 from DM 311 in 1985, and the figures would have been much worse but for the sale of its 25 per cent stake in the Volksfuersorge insurance group to the trade unions for an estimated DM 700m and the disposal of two smaller holdings.

However, the outcome was probably largely expected, and the sales were all part of the package hammered out between the trade unions and the A&M last year. Moreover, BfG has used some of its extraordinary gains from disposals to bolster its loan loss provisions.

Gies is confident about the long-term wisdom of the acquisition in pure banking terms, let alone any questions of synergy. Though BfG lost corporate clients, it retains a very strong retail depositor base, a large part of which is made up of accounts of trade unionists. The unions' continuing part ownership is an asset in retaining the loyalty of these customers in the short and possibly medium term.

Gies dismisses talk that the A & M will shortly buy full control, though it has the right of first refusal should the unions ever decide to sell.

> Expanding a smaller regional bank would have taken too long

Plans are still taking shape on the way to integrate the new acquisition and will not be announced until October. As a start, Gies has been made chairman of the BfG's supervisory board, while Hans Heino Friedrichsen, formerly AMB's finance director and an ex-banker with Deutsche Bank, has moved over onto the BfG board. A committee under Gies, and various sub-committees comprising top managers from both sides, is also now meeting regularly to discuss the way ahead.

To whet the market's appetite, the bank has announced the creation of BfG Service, a company which will sell a range of financial services, including insurance, mortgages and banking products, out of its 25 biggest branches later this year.

Other German insurance companies are tending to keep mum about the link of A and M and BfG, though there is no doubt they are following it extremely closely. The spotlight is on Munich-based Allianz, Europe's biggest direct insurer, whose chief executive, Wolfgang Schieren, has hitherto brushed aside questions about his own plans.

However, Allianz owns some 22 per cent of Bayerische Hypothekenbank, likewise based in Munich, and which is one of Germany's top ten banks. It also holds 25.1 per cent of Georg Hauck, the Frankfurt private bank. If the A and M's venture looks like coming off, the Allianz, which has toyed with the idea of becoming a financial conglomerate, may be obliged to act.

Meanwhile Royal Insurance, which in March stumped up the DM 270m necessary to prevent its stake being diluted by the A and M's DM 1.34bn rights issue still appears a shade uncertain about its ultimate aims. Some argue its participation is a useful, if expensive, way of learning about German insurance, which remains attractive, if still largely closed, to the British. Moreover, the holding provides the Royal with a ringside seat in the new mechanics of bank-insurance co-operation, which may one day come in useful elsewhere.

Others claim that full control of a small German insurer may be more useful than just 20 per cent of A and M, which is not enough for a blocking minority. If so, perhaps stepping that up to the magical 25.1 per cent blocking minority German insurers know so well from their own stakes in each other might be worth some thought.

Management abstracts

Communicate with your vendors. J. R. Carter in Journal of Purchasing and Materials Management (USA), Winter 86 (6½ pages).

Against the background of the increasing trend for purchasing companies to work closely with suppliers to improve performance, fleshes out the call for better communication by discussing the kind of information that needs to be communicated to particular vendors; advises on how to structure information channels and how to match vendor information needs with channel structure, and looks at the implications of all these for purchasing managers.

Selling technology to the chief executive. L. W. Steele in Research Management (USA), Jan/Feb 87 (6 pages).

Systematically presents how technical management should "sell" an idea to CEOs; notes the need to understand their world, their major concerns and decipher their expectations; explains the criteria they bring to bear on decision choices such as realism and breadth of view; considers aspects of the "sales pitch" that can cause particular difficulty.

The push-down accounting controversy. C. L. Holley and others in Management Accounting (USA), Jan 87 (4 pages).

Discusses the arguments for and against "push-down" accounting which occurs when a subsidiary revalues assets and liabilities to the same figures used in the consolidated accounts, that is, fair values when the subsidiary was acquired rather than historical costs. When there are minority interests and/or management *share ownership or options*, the effect their way can be very different.

Operating without supervisors. T. O. Taylor and others in Organisational Dynamics (USA), Winter 87 (15/3): p 26 (13 pages).

Describes the development and implementation of a computer-based hotel billing information system (HOBIS) by Mountain Bell (later AT&T Communications) in Arizona, operated by over a 100 around-the-clock employees without any direct supervision, and with only a single manager in charge of each shift. Discusses some of the problems encountered (a list of 27 potential problems was considered but few of them *occurred*); *stresses the import*ance of union co-operation and operator training, and indicates lessons to be learned from the experience. Compares the results with traditional offices finding lower absenteeism, fewer grievances and customer complaints, and greater job satisfaction. The facility has since moved to a new location in Colorado, where the same principles apply.

Disaster planning R. Warburton and others in Occupational Safety and Health (UK), March 1987 (17/3): p 8 (6 pages)

Summarises contributions to a recent RoSPA seminar on disaster planning by the Head of the Major Hazards Assessment Unit in the Health and Safety Executive (on legal requirements), Brian Bodycombe, a leading consultant (on practical aspects of pre-planning) and a Cadbury *Schweppes* spokesperson (on the role of risk management).

When the market says "beware" T. Barrett in Management Decision (UK), Vol 24 No 6 (5 pages)

Examines ways in which organisations respond to changes in their market environments: identifies the characteristics of deterministic response (resulting in organisational and strategy changes) and strategic response (in which strategies are adopted to modify the effects of environmental change). Sees that choice of response can be influenced by power distribution within the organisation, and *examines the role of marketing* intelligence in identifying market change, its timing, extent and cause; presents a model of change response, identifying its stages, thresholds and processes; warns that information distortion and biases may produce barriers to change. Rather academic.

The stress of unemployment R. Payne and J. Hartley in Journal of Occupational Psychology (UK), March 1987 (17 pages).

Sets up a model to explain the differing effects of long-term unemployment on different people, whereby the individual is principally affected by the stressfulness of the environment and also by personal attributes and other "conditioning variables"; describes a survey that tested the model.

Organisational renewal: the Jacobs Suchard experience K. Jacobs in The McKinsey Quarterly (UK), Winter 1987 (9 pages).

Describes how the Swiss-based coffee and confectionery manufacturer (the result of a 1982 merger) approached the development of a new organisation and management philosophy. This involved the establishment of management expectations and standards, corporate themes, integrated trade marketing, encouragement of entrepreneurship, and employee training/development. Briefly reports how the *organisation was "slimmed down,"* and how emergency action on crucial production/marketing issues (called "martial law") was invoked.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p, cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

LETTERS TO THE EDITOR

Tax increase on cigarettes

From the Director, Public Affairs, Tobacco Advisory Council.

Sir,—the BMA call (August 7) for a punitive tax increase on cigarettes is typical of a trade union now becoming increasingly politicised and constantly seeking emotive issues in order to raise its profile. Had it stopped for a moment to consider the reality of the situation rather than relying upon an economist with a medical passion who has constructed a model to suit her prejudices, the BMA would not have proposed such nonsense.

It is not the remit of any Chancellor to impose fiscal punishment on a particular social lifestyle. Where would such a policy lead us? A huge tax increase on alcohol next? A sugar tax? The list of potential targets is long indeed.

The economist has chosen totally to ignore the ease with which consumers can these days "trade down" to any one of some 50 cheap brands of imported cigarettes, with English sounding names, which flood in mostly from West Germany. Virtually dumped here at marginally costed prices, their share of the market has grown from 0.5 per cent three years ago to 10 per cent today. Selling at up to 30p less than UK domestically manufactured cigarettes these brands are without doubt costing us jobs and contributing to factory and corner shop closures. Any increase in UK tobacco tax levels would merely exacerbate the trend, help German employment at our expense and do nothing to reduce the annual aggregate consumption of cigarettes in this country. The Chancellor has seen the figures for himself.

If the UK Government really intends to co-operate with the rest of the EC in achieving any form of fiscal harmony by 1992, then to widen the present yawning gap in taxation levels between us and all but two of the Members would be a particular folly. We should actually be looking to reduce the cost of cigarettes in Britain within four years to bring them within the EC harmonisation plan.

Dr Dawson of the BMA has been quoted as saying the tobacco industry "doesn't care a damn for its employees." Some would consider this defamatory, and at its least it is an insufferable arrogance.

A. D. C. Turner,
Glen House,
Stag Place, SW1

Unleaded petrol

From the Director General, UK Petroleum Industry Association.

Sir,—Since the publication of the report by *Wirtschaftsfoerderung* quoted in your edition of August 6, the availability of unleaded petrol in the UK has more than doubled. There are now 432 filling stations offering unleaded. This gives a good network for those tourists whose cars must use it and provides a firm start to ensuring the "availability and balanced distribution" which will be mandatory in all European Community member states from October 1, 1989.

I. D. G. Berwick,
9 Kingsway, WC2.

Passive smoking

From Mr R. East

Sir,—Clive Turner of the Tobacco Advisory Council (July 31) accuses me of being "wrong, misleading and almost irresponsibly alarmist" in his response to my article on smoking policy at work. The nub of his argument is that any *risk of serious* illness from breathing other people's tobacco smoke is very small and can be ignored. Let me provide readers wtih some relevant evidence.

The review by Wald and others examined the available studies on passive smoking and concluded that about a quarter of the cases of lung cancer among non-smokers may be attributed to passive smoking. In Britain there are about 37,000 lung cancer deaths each year. About 6,000 of these deaths occur among non-smokers. This indicates that lung cancer caused by passive smoking kills about 1,500 non-smokers in Britain each year.

Numerous caveats have to be *applied to these estimates. For* example, Wald's review looked only at those who have never smoked; ex-smokers may have a higher risk. Also we know nothing about the effects of passive smoking on heart disease which kills more smokers than does lung cancer. Further studies will give a more accurate figure but on present evidence it seems likely that deaths among employees from passive smoking at work are likely to be measured in hundreds. To set this risk in context consider the following approximate annual numbers of deaths in Britain by cause:

All causes	600,000
Smoking	88,000
Road accidents	5,000
Industrial accidents	600
Asbestos	20
Nuclear industry	10

The last three figures would be much higher but for the good policies and practices of industry. Passive smoking risks at work can be eliminated if employers adopt effective policies in this area.

Robert East.
Kingston Polytechnic,
Gipsy Hill,
Kingston, Surrey.

People's rights

From Dr N. Entwistle

Sir—Every smoker (July 31) has the right to smoke. Every non-smoker has the right to breathe clean air.

Norman Entwistle (Dr),
3, Collier Lane,
Baildon,
Shipley, Yorks.

The dying forests

From Mr C. Rose.

Sir,—You report from the Berlin botanical congress (August 4) that air pollution has been "challenged" as a "decisive cause" of *waldsterben* —the forest decline now calculated by the UN to be affecting over 20 countries.

The congress president is quoted as saying that mineral deficiencies are killing the Black Forest "which is made up almost entirely of pine trees." Actually, the Black Forest is almost entirely spruce not pine but it is true that many show acute magnesium deficiency. Laboratory tests and field observations from a huge number of scientific studies show that such deficiencies are induced by both photoxidant damage, wet acidic deposition (rain and snow) and soil leaching: all part of the pollution complex known as acid *rain. The report, therefore,* confuses symptoms with causes.

Similarly, pollution stresses (including nitrogen gorging caused by oxides of nitrogen deposited in the forests from car and industrial emissions) are associated with pest outbreaks and more frequent diseases. True, old paintings and photographs show dying trees but detailed forestry records demonstrate unequivocally that the rate of needle loss and whole tree death in coniferous and deciduous species has rapidly accelerated in damaged areas.

Your correspondent quoted an American botanist as saying that climatic change might kill trees in the US. True, but nobody has demonstrated this. Martians might also have landed and poisoned them but here too, evidence is lacking. There is a great deal to be learned about forest decline but the consensus of informed opinion among scientists actually working in this field is that the cumulative effect of the pollution climate created over the past decades is the only plausible explanation for the increasingly widespread decline of forests. Pollution appears to impose stresses which cause trees to die in droughts, during frosts and to succumb to pests and disease which would otherwise not be fatal.

Chris Rose,
World Wildlife Fund International,
CH-1196 Gland,
Switzerland.

Valuation for rating

From Mr R. Halstead

Sir,—I refer to the final part of your article "Business rate to vary nationally" of August 1. While agreeing that the Inland Revenue has staffing problems, the method of valuation for rating purposes is certainly not "arbitrary."

The basis of valuation is set out in the General Rate Act 1967, and all properties to be entered into the valuation list have to be valued at the same effective date.

The House of Lords case, K Shoe Shops Limited v Hardy (VO) and Westminster City Council, highlighted the difficulty of gathering and analysing the rental evidence upon which a revaluation is based, in time for the publication of the valuation list.

The intention for this revaluation is to have the new valuation list published and in operation for April 1, 1990, but established upon a rental base as at April 1, 1988. This ensures sufficient time in which to prepare the list.

The proposed timetable for the revaluation should improve the goal of uniformity and fairness between ratepayers, but it must be remembered that every rate payer will have the right to object to his proposed assessment.

Richard K. Halstead,
Sinclair Goldsmith.
29 Finsbury Circus, EC2.

Financial services and the consumer

From the General Secretary, Fabian Society

Sir,—I am glad to see the prestigious Association of Investment Trust Companies highlighting the lack of adequate consumer representation on SROs (August 4). The Securities and Investments Board has only one authentic representative of the individual consumer, while the corporate invester has considerably higher representation. The same is true with the other SROs.

Worse, the consumer representatives have no support services. Those who represent the industry and the corporate investor can draw on substantial resources to carry through their role, which ought to be matched for those who represent the individual customer.

Nor should this be a matter for the Government to enforce (though it clearly has a role in nominations to the SIB). It cannot be said too often that it is in the interests of the financial services industry that it should pay attention to consumer concerns. An industry which thinks that it knows best what the consumer wants will follow other great British industries into oblivion.

John Willman.
11, Dartmouth St, SW1.

Living standards and trade

From the General Secretary, International Metalworkers Federation

Sir,—The pressure to link living standards to trade is likely to grow, not fade away under the admonitions of your Lombard column of August 7.

First, because the comparative advantage obtained by low wage countries is usually achieved through direct government intervention to suppress trade union rights. Freedom for the employers but prison sentences, or worse, for any worker who seeks to exercise internationally recognised trade union rights.

Secondly, because strong domestic demand based on workers earning sufficient to buy the cars, electrical goods and so forth they make is central to long lasting economic stability. So far only countries with independent trade unions have been able to secure income levels for the mass of employees to generate that domestic demand.

Thirdly, because manufacturing is to a large extent beyond the social control of the nation state and international solutions are needed to render manufacturers as accountable as is necessary for normal civilised social development.

History teaches the very reverse of what Lombard asserts. External, indeed militarily enforced intervention to secure trade union rights was official policy in Germany and Japan after 1945. The days when a Field Marshal Montgomery could arrive and tell the Germans: "You may have trade unions" are over. Trade union rights and fair wages have to be fought from within each society but there is no reason why a helping hand through linking observance of such rights to trade should not be given and indeed it should be encouraged by those who believe that wealth creation and consumption in as many countries as possible is the best way forward for all the world.

Herman Rebhan.
54bis route des Acacias,
Case postale 563,
CH-1227, Geneva,
Switzerland.

Strategy for construction

From Mr S. Tietz

Sir,—The Government White *Paper on civil research and* development and the formation of a new advisory body directly answerable to the Prime Minister is indeed encouraging. The construction industry may now perhaps see action on the recommendations made in the report "Strategy for Construction R&D," produced by the research strategy committee of the Building and Civil Engineering ECs. Most of the conclusions reached had almost total support from the construction industry and many of its clients. In particular the formation of a Construction Research and Development Board—a board rather than a committee —was seen to be totally essential to give *it* control of its own funds and responsibility for its work including producing an annual report.

Construction is unique within the nation's industrial spectrum as its products have to last for several decades and are almost inevitably unique at least in part. Prototype testing and development therefore has only limited application and research into long term behaviour is particularly important. The board was therefore intended also to generate greater participation from long term building owners. Where these are the public at large, as in housing, government support is clearly essential. Where R&D produces more immediate benefits, more backing needs to be found from the industry.

The role of this board would therefore be the co-ordination of construction R&D, generation of increased participation and interest in R&D within the construction industry and its large clients, the raising of additional funds, periodic generation of R&D priorities, the maintenance of the national R&D capacity and substantial improvements in technology transfer.

Though the report was published 18 months ago, there has been no decision from the Minister. Since its publication the situation regarding R&D has become worse. Several of the large contractors have cut back on R&D, partly because civil engineering has undergone a decline and also because methods of contract are putting more onus on sub-contractors. The Building Research Establishment has also been reduced further and the latest recommendations suggest that it should move further into the orbit of DoE and thus away from the industry. The research strategy committee had hoped to bring BRE and industry closer together. The Cement & Concrete Association has also suffered a serious cut back. The need for a Construction Research and Development Board is therefore greater than ever. While its members should largely be drawn from the construction industry and its clients, it could be answerable to the new advisory body and thus to the Cabinet.

Stefan B. Tietz.
10-14 Macklin Street, WC2.

Disarmament agreement

From Dr D. Lowry.

Sir,—It seems, as I write, that the INF nuclear disarmament agreement is about to flounder over the status of the Pershing 1A missiles based in West Germany. As you reported (August 7), the Soviet Union argues that if the United States refuses to include the Pershing 1As in the agreement, on the grounds they are owned by the West Germans, then by giving the Germans *de facto* dual key control over these weapons this violates the nuclear non-proliferation treaty (NPT).

To date no defence analyst has explained this Soviet argument; rather the impression is conveyed that this is a propaganda stalling tactic by the Soviet negotiators. If one reads the text of NPT Article I, it is clear the Soviet Union has a strong case.

A way out of this impasse would be for the American owned warheads to be included in the INF negotiations; the West Germans could replace these with modern non-nuclear warheads, which could be evaluated within the mutual and balanced conventional force (MBFR) reduction talks that continue in Vienna.

If both sides of the dispute are sincere, this should be an acceptable compromise and one that does not violate any current arms control treaty.

(Dr) David Lowry.
European Proliferation Information Centre,
258 Pentonville Road, N1.

Extension of pub licences

From Mr D. Alexander

Sir,—It was with great foreboding that I read that the Government is proposing to extend public house licences from one to three years.

The present need for annual renewal plays an important role in ensuring that public houses are run in a reasonable manner, in terms both of controlling drunkenness and of limiting nuisance to the neighbourhood. It gives the police and affected neighbours a means of bringing pressure to bear on landlords and breweries. It also presumably makes it easier for brewery company managers to resist the urge to maximise profits by dropping all standards in favour of taking a more balanced overall view of their responsibilities.

The character of a public house and its clientele can be totally changed in two or three months, either as a matter of policy or as a result of a change of landlord.

Magistrates seem to have little enough effective control over issuing licences — for instance they generally feel that they cannot fairly impose on any public house conditions different from those imposed throughout their area, which can be tens of square miles. To reduce their opportunities to even review the conduct of public houses once a year can only lead to further abuse.

D. A. Alexander.
1, Games Rd,
Barnet, Herts.

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In addition to a good salary and sound prospects, you will receive a generous benefits package incorporating:

- significant mortgage subsidy
- comprehensive pension scheme
- profit share scheme
- low interest personal loans
- free private medical care

If you have the background and ability sought, telephone Peter German at Alimand on 01-251 8861 (01-461 4626 evenings/weekends) or write to him enclosing a copy of your CV.

CHEMICALBANK

Alimand

Alimand Computer Resources Limited, Wilec House, 82-88 City Road, London EC1Y 2BJ. Telephone: 01-251 8861 (24 hr)

European Equities

INSTITUTIONAL SALES

The European securities operation of a major international bank is seeking to expand its institutional sales team.

They require an experienced institutional sales specialist to sell European equities to UK and some European institutional clients. Applicants should have a minimum of two years' experience, and one or more languages would be a distinct advantage. Suitably qualified UK institutional salesmen wanting to move to European sales will also be considered.

The basic salary and additional package will be significant to attract and retain the best people.

Please contact Janet Stockton or Timothy R. Wilkes at the Securities Division, 39-41 Parker Street, London WC2B 5LH or telephone them on 01-404 5751. All replies will be treated in strictest confidence.

MP

Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

UNITED OVERSEAS BANK LIMITED

We are expanding our Treasury Operations and currently have two vacancies for

FX Dealers

The ideal candidates should have good educational background, a flair for figures and a keen awareness of economic and political events. Candidates should:

- Have at least two years of profitable dealing experience;
- Have proven track record in dealing with major spot currencies;
- Be able to work independently, reporting to the Treasury Manager.

Prospects for career development within the Bank are good for the right candidates. We offer an attractive salary and fringe benefits package.

Please write in to the address below giving your personal particulars, academic and professional qualifications, working experience and a contact telephone number together with a non-returnable photograph.

The Manager
UNITED OVERSEAS BANK LIMITED
19 Great Winchester Street
London EC2N 2BH
United Kingdom

TRAINEE FINANCIAL ADVISER

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Registered representative with at least 18 months experience in equities required for important, challenging post in an expanding specialist member firm.

Some experience with Traded Options an advantage but not essential, age 20–35, salary £17,500 + according to experience, prospects excellent, an exciting opportunity.

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Telephone: 01-929 0791

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A high level of performance will result in enhanced remuneration – scope exists to head UK Equities team in 2 – 3 years.

ASSISTANT DIRECTOR – U.K. EQUITIES PENSION FUNDS INVESTMENT MANAGEMENT

CITY **£35,000 – £40,000 + BONUS AND CAR**

SUBSTANTIAL AND EXPANDING INDEPENDENT INVESTMENT MANAGEMENT SUBSIDIARY OF PROMINENT BRITISH MERCHANT BANK

Due to growth and internal promotion, we seek a graduate in Economics, or a closely related discipline and aged 26-35. Formal training and a stong grounding in research will have preceded an already successful career in discretionary funds management. We require not less than 3 years' in control of substantial UK equities investment with a leading house noted for its record in this sector. A pensions funds background is mandatory with experience of insurance industry investment requirements and unit trusts highly desirable. The successful candidate will be responsible to the Managing Director for the total above-average performance of substantial mixed funds and for the UK equity portions of other funds. A full contribution towards overall policy will be expected with a high level of autonomy to achieve objectives based on an agreed strategy. Essential qualities are an imaginative and analytical approach, well developed presentational skills plus the will and expertise to gain the credibility and confidence of both clients and colleagues in an already successful team. Initial salary negotiable £35,000 – £40,000 plus bonus, car, mortgage facility, non-contributory pension, free life assurance free family BUPA and assistance with relocation expenses, if necessary. Applications in strict confidence under reference AID 4530/FT to the Managing Director: CJA.

Opportunity to build career in this sector with significant prospects for advancement.

PORTFOLIO MANAGER – FIXED INTEREST FUNDS

CITY **£25,000 – £30,000 + BONUS AND CAR**

SUBSTANTIAL AND EXPANDING INDEPENDENT INVESTMENT MANAGEMENT SUBSIDIARY OF PROMINENT BRITISH MERCHANT BANK

For this new appointment, to strengthen further an already prominent fixed interest investment management team, we invite applications from graduates or professionals in an appropriate discipline. We require a broad understanding of UK fixed interest markets in particular, to include current trends, likely developments and the strengths of both traditional and new features/instruments in this sector. The successful candidate will have not less than 2 – 3 years experience in the management of fixed interest portfolios and an established record with a leading investment house or institution in this field. Reporting to a Senior Investment Manager, the initial emphasis will be on the management of substantial net funds, specialising in short-dated securities but with increasing involvement in other U.K. and foreign markets. Key to the success of this appointment are an innovative and enquiring approach, market awareness and the ability to provide high performance stocks selection and a demonstrated talent to communicate effectively with clients. Initial salary negotiable £25,000 – £30,000 plus bonus, car, mortgage subsidy, non-contributory pension, free life assurance, free family BUPA and assistance with relocation expenses if necessary. Applications in strict confidence under reference PMFI 4529/FT to the Managing Director: CJA.

Prospects of embarking on Fund Management career in 2 – 3 years.

RESEARCH EXECUTIVES – U.K. EQUITIES

CITY **C. £20,000 + BONUS**

SUBSTANTIAL AND EXPANDING INDEPENDENT INVESTMENT MANAGEMENT SUBSIDIARY OF PROMINENT BRITISH MERCHANT BANK

As a result of sustained and forecast growth, applications are invited from graduates in Economics or a comparable discipline in their early 20's. As a member of a leading investment research team, the successful candidates will have undergone a thorough training as a market analyst and must demonstrate the capacity to undertake original research and produce recommendations based on an overall market view. Of particular interest will be 1 – 2 years experience in the UK consumer, financial or capital goods sectors. Reporting to the Head of Research, these executives in support of a large funds management group, will be responsible for the on-going monitoring of leading stocks and for the identification and assessment by visit, of new promising investment opportunities, requiring a both disciplined yet entrepreneurial attitude. A high level of communication, interpersonal and technical skills will be necessary. Initial salary negotiable c. £20,000 plus bonus, mortgage scheme, non-contributory pension and family BUPA. Applications in strict confidence under reference REE 4531/FT to the Managing Director: CJA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501
ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT PLEASE TELEPHONE 01-628 7539

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International Investment Banking

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The successful candidates (aged 22-27) will be educated to degree level or equivalent and will have had at least one year's analytical experience within a quality banking environment and preferably with formal credit training.

The positions offer excellent career prospects in an expanding, progressive organisation. A competitive remuneration package will include an attractive range of benefits.

Applications, in strictest confidence enclosing a full c.v. should be addressed to:
Mrs. Sandra Day,
Personnel Manager,
ORION ROYAL BANK LIMITED,
1 London Wall, London, EC2Y 5JX.
Telephone: 01-600 6222.

NCNB NATIONAL BANK OF NORTH CAROLINA

Requires a Mathematics or Economics Graduate

Aged 24-28 years with in-depth practical experience of the banking market in the South-Eastern U.S.A., he or she should have high numerical and analytical skills and have gained a relevant post-graduate qualification. Salary c. £15,000.

Please write with full cv to:
John Meakin, NCNB National Bank of North Carolina,
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EQUITIES

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Due to continuing expansion we have now created a new role in our Fund Management team which manages global institutional portfolios.

We require a graduate with at least two years' experience in equity analysis or fund management. Flexibility of approach and the desire to make a highly visible contribution within a small team are essential.

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Please send CVs to:
Derek Bawden, LTCB International Limited,
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18 King William Street,
London EC4N 7BR.

LTCB

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The prospective employee should have a full understanding of options theory and pricing.
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International Announcements

Securities Salesman covering The Netherlands

EBC Amro Bank Limited is an investment banking subsidiary of Amsterdam-Rotterdam Bank N.V., located in London and is active as manager and underwriter of international securities transactions, as a marketmaker and as an arranger of currency and interest rate swaps. Furthermore, the bank is active in asset management, foreign exchange and mergers and acquisitions. It has a total staff of 257 including English, Dutch and various other nationalities. Within the context of the Amro Group EBC Amro Bank also conducts securities operations in Tokyo, Hongkong, Singapore and Dubai.

EBC Amro Bank Limited is looking for an active Securities Salesman who will look after the bank's Dutch clients, consisting of institutional investors and financial institutions.

The salesman is expected to bear full responsibility for all transactions by the bank with investors in the Netherlands. The products to be sold are eurobonds, international equities, euro-commercial paper and swaps. Understanding of the eurobond market, as well as settlement procedures, is required.

Minimum experience required is 3 years in a securities position specifically in bonds and eurobonds.
Higher Vocational Educational level (H.E.A.O.).
Fluency in English and Dutch. Dutch nationality. Required age 23-28.

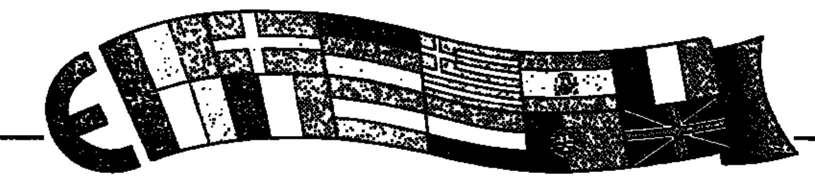
The successful candidate could make a further career within EBC Amro Bank in London or in one of the other international securities units within the Amro Group.

For more information you can contact W.G. Bosma, 020-28 33 87.

Please send your English letter of application to the attention of W.G. Bosma at the following address:

EBC AMRO

EBC Amro Bank Limited London
c/o Amro Bank
Personeelzaken Buitenland en Concernrelaties
Foppingadreef 22
Lok. B2C/Rallypost 332
Postbus 283
1000 EA Amsterdam-Z.O.
The Netherlands.



EC-JAPAN CENTRE FOR INDUSTRIAL COOPERATION

Second Human Resources Training Programme

The EC-Japan Centre for Industrial Cooperation in Tokyo, Japan, was established in June 1987 under the auspices of the Commission of the European Communities and the Japanese Ministry of International Trade and Industry.

The Centre organizes a training programme in Japan for senior European managers and engineers in Japanese industrial practices. The Engineer Course and the Manager Course, of between 4 and 6 months duration, offer an intensive introduction to Japanese industrial and business life, through lectures, seminars, case studies in a variety of industries and assignments to individual Japanese companies for periods of up to one month.

The costs of the programme are supported by the Commission and MITI, but sponsoring companies are expected to pay for the living costs of trainees in Japan.

Candidates must be citizens of a Member State of the European Communities aged at least 35 years with a minimum of 10 years industrial experience. The working language of the programme is English.

Applications for the second Training Course, which will begin early in 1988, will be accepted until 31 October 1987. Candidates may obtain further information on the Training Programme and application forms from:
The Commission of the European Communities,
Directorate General for Internal Market and Industrial Affairs, Division III.A.1,
Rond-Point Schuman 6, B-1049 Brussels/BELGIUM.

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Proven experience of sales in tropical Africa and the Middle East is essential

Full curriculum vitae with salary expectations to: Box A0623
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National Bank of Fiji

Chief Manager

The National Bank of Fiji require the services of a Chief Manager to head a staffing structure of 277 people. The Chief Managers main responsibility would be to ensure the smooth day to day operations and performance of the Bank, with added responsibility of formulating policies.

Reporting directly to the Chief Manager are various section heads responsible for the following Departments:-

* Lending * Marketing * Personnel, including recruitment and training * Operations * Accounts including funds management * International

Candidates must therefore not only be well qualified and versed in Banking procedures, but must have a proven administrative capacity.

Generous benefits include an attractive salary, business class air fares, educational allowances, subsidised housing, car etc.

For further details and application form please telephone Tracy Millwood on 01-643 3311 ext 3105 or write to:-

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The Crown Agents for Oversea Governments & Administrations, Recruitment Division,
St. Nicholas House, St. Nicholas Road,
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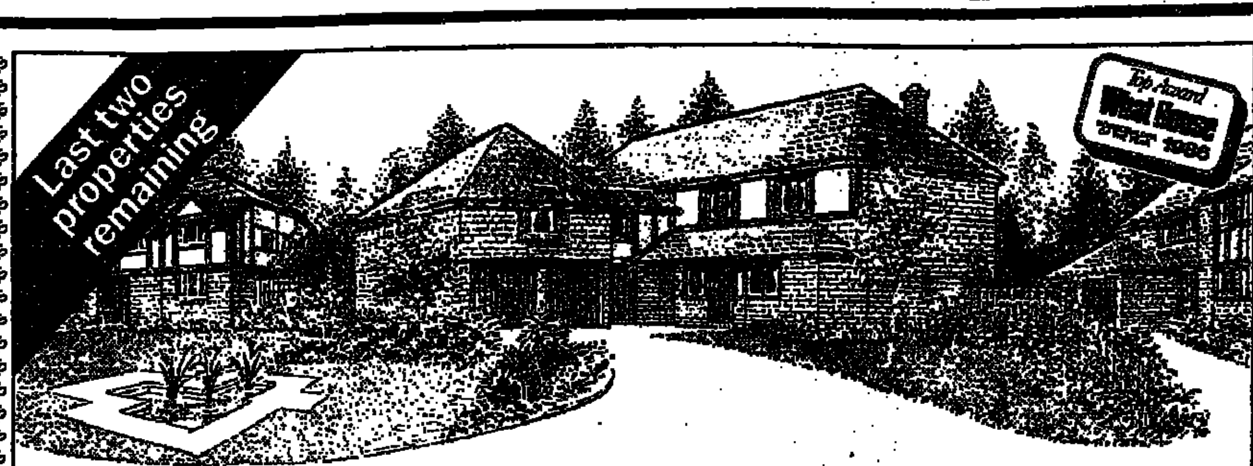
Residential Property



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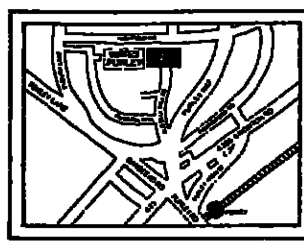
So phone our Sales Office at Russell Court on 01-660 6474. Or come and see the showhome. It's open from Thursday through to Monday from 10am to 6pm.
Or telephone 01-764 5000 for details on Tuesdays and Wednesdays.



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Contracts and Tenders

AIRCRAFT FOR SALE

BOĞAZİÇİ AIR TRANSPORT IS OWNER OF TWO F-28 MK-1000 AIRCRAFT WHICH ARE FOR SALE AND CAN BE DELIVERED IMMEDIATELY. AIRPLANES ARE IN SERVISE AND READY FOR INSPECTION AT ISTANBUL ATATÜRK AIRPORT IN TURKEY. STATUS OF AIRPLANES AS OF MAY 15, 1987:

SERIAL NUMBERS	:	11060, 11070
TOTAL HOURS	:	20226, 19127
TOTAL CYCLES	:	23136, 21489
ENGINE TYPE	:	SPEY 555-15

LARGE AMOUNT OF SPARE PARTS, ENGINES AND GSE ARE ALSO AVAILABLE. ALL INTERESTED PARTIES ARE INVITED TO RECEIVE THE SPECIFICATIONS RELATED TO THE SALES AND HAND OVER THEIR WRITTEN OFFERS TO THE ADDRESS GIVEN BELOW NOT LATER THAN AUGUST 17, 1987 17.00 O'CLOCK LOCAL TIME. ADJUDICATION WILL BE PERFORMED AT SAME ADDRESS ON 10.00 AM. BY AUGUST 19, 1987.
BHT RESERVES THE RIGHT TO ACCEPT, REJECT ANY OR ALL OFFERS OR EXTEND THE DEADLINE WITHOUT GIVING ANY NOTICE, SPECIFICATIONS AND OTHER INFORMATION ARE AVAILABLE UPON REQUEST.

BOĞAZİÇİ AIR TRANSPORT INC.
MEŞRUTİYET CADDESİ NO: 176
ŞİŞHANE / ISTANBUL - TURKEY
PHONE: (90) (1) 143 76 95 - 143 2815
TELEX: 38080 BHTR TR
DATAFAX: (90) (1) 149 52 28

BOĞAZİÇİ AIR TRANSPORT INC.
BOĞAZİÇİ HAVA TAŞIMACILIĞI A.Ş.

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MAKITA ELECTRIC WORKS, LTD.

EDR holders are informed that Makita Electric has paid a dividend to holders of record February 28, 1987. The cash dividend payable is Yen 9 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.
EDR holders may now present Coupon No. 14 for payment to the undermentioned agents.
Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after September 30, 1987.
Amounts payable in respect of current dividends:

Coupon No. 14 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
10,000 shares	\$621.11	\$527.95	\$496.89
1,000 shares	\$62.11	\$52.79	\$49.68

Concerning the free distribution of shares (5 new for each 100 old), EDR holders are informed that the new shares are now available for delivery and should be claimed by presenting Coupon No. 15 to the Depositary or the Agent. EDRs will only be issued in Authorised Denominations of 1,000 shares, therefore any EDR holder not able to present coupons making-up an Authorised Denomination will receive the net proceeds of the sale of their entitlement in United States Dollars pursuant to Condition 5 of the Terms and Conditions.

Depositary: Citibank, N.A. 336 Strand, London, WC2R 1HB
Agent: Citicorp Investment Bank (Luxembourg) S.A. 16 Avenue Marie Therese
August 12, 1987

COMPAGNIE DE SAINT-GOBAIN

Issue of titres participatifs ECU 100.000.000 with warrants TMOE used for calculation of the coupon maturing on 10th February 1988 is 8,60%.

After approval of the 1986 accounts by general meeting of shareholders the net consolidated profit (shares of the group) is FFr 1.451.000.000 after inflation adjustments on the financial profits of the subsidiaries operations in latin American countries and the issuing of eight million "certificats d'investissement" in June 1986.
It will induce an interest rate of 9,95%.
As the applicable ECU LIBOR is 7,25% resulting in a minimum coupon of 7,625% the first formula is applicable.
Therefore the coupon payable on February 10 1988 will be ECU 49,75 per titre participatif of ECU 1.000.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MAKITA ELECTRIC WORKS, LTD

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date August 20, 1987 the shareholders' register will be closed for the period August 21-September 20, 1987 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.
Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from August 17, 1987.
Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.
Coupon No. 16 will be used for collection of this dividend.
CITIBANK, N.A., London. Depositary.
August 12, 1987.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MAKITA ELECTRIC WORKS LIMITED

We are pleased to confirm that copies of the Annual Report for the year ended February 20, 1987, are now available to EDR holders, upon application, at the offices of the Depositary, Citicorp, N.A., 336 Strand, London WC2R 1HB, and the Agent, Citibank Investment Bank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.
CITIBANK, N.A. London Depositary
August 12, 1987

NOTICE TO THE HOLDERS OF ECU 49,450,000 USX CORPORATION 8% NOTES DUE AUGUST 8, 1995

NOTICE IS HEREBY GIVEN that the Fiscal Agency Agreement, dated as of August 8, 1986, between USX Corporation and Kredietbank S.A. Luxembourgeoise, as Fiscal Agent, pursuant to which the Notes were issued, has been amended by the First Amendment and Supplement thereto, dated as of August 1, 1987 ("the Amendment").
The Notes are presently represented by a temporary global security. The Amendment provides a mechanism for the payment of interest on the Notes that become due and payable prior to the date upon which definitive securities will be issued.
The Fiscal Agent
KREDIETBANK
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No. 001752 of 1987
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR. JUSTICE VINELOTT
IN THE MATTER OF
EQUITY & LAW LIFE ASSURANCE SOCIETY
public limited company
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated the 22nd June, 1987 confirming the reduction of capital of the above-named Company from £1,200,000 to £193,542.81 and the Minute approved by the court showing with respect to the Share Capital of the Company as altered, the several particulars required by the above Act were registered by the Registrar of Companies on the 9th July, 1987.
Dated the 6th August, 1987.
SLAUGHTER AND MAY,
35, Basinghall Street,
London EC2V 5DB.
Solicitors for the said Company.

IN THE MATTER OF
R.A.G.E.S. (HEATHROW) LIMITED
AND IN THE MATTER OF
THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 5th day of October 1987 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned Surjit Kumar Singla, FCA, of Singla & Company Chartered Accountants, of New Broad Street House, 35 New Broad Street, London EC2M 1NH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 5th day of August 1987.
S. K. SINGLA, FCA,
Liquidator.

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Diary of a Somebody/Boulevard

Antony Thorncroft

First the biography, then the film, then the diaries, and now the play of the diaries. Surely Joe Orton has been done to death? He can hardly object to the bad taste since he enjoyed his brief fame through shocking the bourgeoisie until his lover Kenneth Halliwell killed him off.

It has become one of the most raked-over dramas of the '60s — sophisticated Halliwell taking the young provincial Orton under his wing only to educate him to stardom while he deteriorates to being "41, bald and a tax write-off." Even this adaptation by John Lahr, who has made a career as Orton's Boswell, has had two previous outings before arriving for a season at the Boulevard, a thoughtful annexe to Raymond's Revue Bar.


Alastair Muir

Oliver Parker

Is this sad tale of a decaying marriage, with its sobering climax, worth another run through? Not, perhaps, at the interval, but definitely yes by the end, thanks mainly to Paul Bentall's mesmeric performance as Halliwell.

Bentall affectingly cracks up before our eyes. First the wig goes; then his conversation; finally his mind. As the play cleverly switches off, a day befor the actual murder, Bentall shakes with grief and madness, while Orton, played by Oliver Parker, still clowns around in egotistical good humour.

Orton and Halliwell lived for 15 years in a tiny Islington room and the set recreates the claustrophobia of their odd life, enlivened for Orton by encounters in lavatories and at award-winning lunches, and by Halliwell, with cooking and washing underclothes. Parker may lack Orton's innocent smirk but he has enough animal vivacity to be convincing.

Philip Lowrie tackles over 30 supporting roles, including a brilliant impersonation of Kenneth Williams and any number of Arab boys, while Carolyn Pickles and Caroline Webster as an array of women are as poorly served with opportunities to shine as you would expect, given Orton's interests. Jonathan Myerson directs to Gillian Daniell's design and although the Orton groupie will find much of it very familiar any novice will be transfixed.

Iphigenias/Elizabeth Hall

Max Loppert

The second show in the current Opera Factory London Sinfonietta season at the Elizabeth Hall is a three-hour opera advertised as Gluck's *Iphigenias.* Note the plural; two of the greatest operatic masterpieces of the 18th century, *Iphigénie en Aulide* and *Iphigénie en Tauride*, have been lumped together, Procrusteanly slashed to size, narratively adapted where the director and translator, David Freeman, has deemed necessary, and made to fit a single presentation.

Several very large pills have to be swallowed with the mixture. These may be two grossly neglected operas, but that does not make them musically less resplendent, or make the cuts that Freeman has inflicted — not just on the dance music, which was to be expected, but on "arias and choruses unrelated to the purely dramatic development of the opera" (as if Gluck, that supreme music-drama economist, wrote any such in these mature works!) — less grotesque. To list all here would take more space than the production deserves; let suffice the mention of the *Aulide* Overture (that kernel of the drama), the calm opening of the *Tauride* opera, and two of the Tauris heroine's most important arias, "D'une image" and "Je t'implore et je tremble"; similarly, the internal savaging of many numbers that remain is a practice too general to be gone into at length.

And all for what? Mr Freeman, wearing the amateur anthropologist's hat that he previously produced for the ENO Monteverdi *Orfeo*, has delved deeply into tribal ritual of a specifically non-neo-Classical kind and come up with one of the more ludicrous samples of ethnological never-never-land to be seen on the London stage in recent times. The times, in fact, are not so recent: there is a fatal air of 1960s "relevance" about these war-painted prancings, these antics of dust-covered primitives who roll about on the ground, cower behind shields, wrap up in bright robes and then lingeringly unwrap, and generally lend themselves to all manner of face-pulling and posturing (the dénouement of the second opera is a descent into *Python*-esque comedy).

Then, it is necessary to accept a tiny orchestra, one string to a part and conductor-less (for no reason that I could understand and with the semi-permanent consequence of wooden rhythms and lumbering tempos) and painfully inadequate singing in rather too many of the roles. The *Aulis* Agamemnon (that sublime creation of a grandly fraught ruler) and *Tauride* Toas, both considerably lowered in pitch and both played by the same bass-baritone, are the greatest casualties, but Marie Angel's vocally pallid titular heroine is also something of a trial, and only Wendy Verco (Clytemnestra), Joseph Cornwell (Achilles) and Geoffrey Dolton (Orestes) have anything like the measure of these tremendous, exactingly written roles.

All this could be borne, just about, if there was any sense that at root the producer trusted—or, at times, even heard—the awesome theatrical power of the music; but except in a very few passages (Clytemnestra's wonderful "Par un père," given complete and by Miss Verco passionately delivered, is one), the slighting or else the insufficient command of great music is the evening's Leitmotif. If the experience leads anyone in the audience to investigate these works further, and find out what they are really like, then it may have been worth while after all. For myself, I thought it a night of village-hall opera — rather more ambitious, not to say pretentious, than the average local operatic society *Faust* or *Carmen*, but basically of the same theatrical order.

Television/Brian Wenham

A non-chargeable asset

I've noticed that from time to time Christopher Dunkley offers a multi-item contribution to his column, rather than a sustained piece This week I thought I would do likewise, starting with *In the Psychiatrist's Chair* with Anthony Clare and a wide range of radio guests. Today's is John Harvey-Jones; earlier you may have heard Geoffrey "we've been talking for half an hour, you've never mentioned how good I was at batting" Boycott, and Dame Janet "this is what I'm learning about, you see, the putting of my arms around my darknesses" Baker.

Why do I think I find such talk riveting and acceptable on radio, but suspect it would look prurient and intrusive on television? The distinction has much to do with a residual anonymity that still lies with the microphone but disappears on screen. On top of that, the inbuilt confidence of Clare's questioning might well appear over-pressing on television, where you expect to see the cards dealt out more evenly—to see the *interviewer* as well as the *interviewee* searching for the right word or phrase, sharing in any anxiety or doubt. This is what Bel Mooney did recently in her *Mothers by Daughters* series for Channel Four. It is also what I think I remember John Freeman doing in *Face to Face*, although he perhaps got the best of both worlds by keeping his own face off the screen altogether.

★

Liveliest viewing these past six weeks has been provided by BBC 2's RKO story. This proper tribute to a slice of Hollywood by one of its heavy consumers ended with the predatory regime of Howard Hughes. There is of course more direct payback from TV to film when television actively abets the making of films, as it has in recent years chiefly through Channel 4. But this week Channel 4's tail got tweaked by the IBA: "There is a downside to the chronicle of *Film on Four* success, and it lies in the absence over the year of any real body of *television* drama on Channel 4." A bit ill-timed that, in the week Channel 4 ended a run of six new pieces, but the main point stands.

The fascination with film has so gripped producers and directors that plain old studio video techniques are in danger of rusting. This is a pity because when everything works—as with Channel 4's *Home Video* a couple of years back, or with BBC 2's *Woman of No Importance* by Alan Bennett—the video-bound piece can move, chill and delight as much as film. Sunday's *Last of a Dyin Race* from Ulster TV had more sparkle and composure than Scottish Television's *Extras* the week before. *Dyin* was based on a 1986 award-winning Radio 4 play, but the crossover to TV was smooth and convincing.

★

Why are we in the London broadcast and print media seemingly so keen to drift away from the centre of town towards the suburbs: Isle of Dogs, White City and so on? Could it be an instinctive desire to put distance between ourselves and the handbag-swinging ethos of today's Westminster and Whitehall? If so, surely the motivation is short-sighted? Journalists of both broadcasting and print benefit from proximity to the centres of civil power. I recall how difficult is was in BBC TV Current Affairs, based in Lime Grove, to find time in the middle of the day to fight your way to Westminster, meet your hoped-for source, probe him or her, and get back in good order and good time to a pacing Editor. It was a generally-acknowledged major operational drawback, and we envied colleagues on BBC Radio, still stuck in the rambling but handy corridors of Broadcasting House. Now, with the changes of financial fortune, BBC Radio eventually will have to go west, to join Television in a vast White City agglomeration. Of course, we are told that modern technology will ease the pain, and so it may. But how far it can ever substitute for face-to-face encounter remains a matter for nagging doubt.

The coming week-end marks the mid-point of this year's Proms — John Drummond's dancing-proms. The glorious Gurrelieder apart, the main surprise so far has been the conducting of the Italian Gianluigi Gelmetti. Judging from the way it played in Stravinsky's *Rite of Spring*, the BBC Symphony Orchestra was wholly won over to him. At internal BBC meetings, Drummond has twice in recent months rousingly re-orchestrated sceptics who might consider BBC backing for Symphony Orchestras a slightly dubious form of internal subsidy, counter-arguing with great force and clarity about the value to the nation at large of these corporate assets.

> 'At the moment far too little time is being spent in active work on programming, far too much on money-gazing'

The snarl with which the word "subsidy" now escapes lips that should know better is causing even greater concern in wider artistic worlds — the worlds of opera, theatre, and dance. Surely their "subsidy" should be viewed as simply those monies that cannot sensibly be charged out to the average paying customer, but without which the activity would cease to exist. To misuse an accountancy phrase, it is a form of "non-chargeable asset," whether it is government or industry that bankrolls it.

★

The current vogue for harping on about money in cultural matters is in essence code for de-stabilising the institutions under scrutiny. The process has no end. Sir John Burgh's valedictory address as director-general of the British Council reads in part as a litany of the institutional damned, and over the years the British Council has been more damned than most. He describes thus some of the reasons for the Council's sense of frustration: "We have slimmed. We have adapted. We have increased efficiency. We have taken initiatives. We have responded to challenges. We are asked to do more, but we have not been given the means to do it."

And so again the pressure to re-examine, to take yet another look at the roots of the operation. The snag is that if you repeatedly dig up by the roots, what you are left with is roots, a load of soil, and not many flowers. Some operations, among which broadcast programmes loom large, simply cannot take too much re-potting. This does not imply that they are damp and enfeebled; it means only that they take time to nurture and prepare. At the moment far too little time is being spent in active work on programming, far too much on money-gazing. I should like to think that as the programmes roll out of the stockyards this autumn and next, we shall all once more be mightily delighted and enthralled, but that is not what a reasonable person should expect.

★

Yet even in unpropitious times, it is well to retain a fondness for the institutional world, and some confidence that the best will ride with the punches, and survive in recognisable form into the world beyond that which we have now. I was pleased to see Peregrine Worsthorne, a most reliable guide to the torments of the Tory soul, quick to the point in June. "Many, if not most, individuals owe much that is good about them to membership of some institution the good name of which they are anxious not to disgrace." He might have added "nor to have pilloried."

I have a little BBC story which may give Mr Worsthorne some comfort. It reeks of durability and it concerns a drama producer, Graham Benson, who some nine years ago left the service of the BBC. For many years he toiled elsewhere, with some success. Then he chanced to take another contract back with the old firm. On the appointed day, he turned up a little apprehensively at Television Centre. "Mornin', Sir" said the unflappable man still on the gate. "Been on location?"

(Brian Wenham is Managing Director, BBC Radio)

Edinburgh Festival

New plays in Glaswegian and French

Ian Heggie's invigorating first play *A Wholly Healthy Glasgow* was admired on this page by Martin Hoyle earlier this year at the Royal Exchange in Manchester. It comes north to the Churchill Theatre in Morningside Road fully deserving its place in a World Theatre Season, no expletives deleted and no simultaneous translation provided for Sassenachs unfamiliar with the rollicking joys of unadulterated Glaswegian.

Mr Heggie has invoked the example of David Mamet as a writer who celebrates a big city's characteristic patois, in Mamet's case the street riffs and rhythms of hoodlums and salesmen. This piece is similar to Mamet's *American Buffalo* in its examination of professional tensions and rivalries, though Mr Heggie's male trio is convened not in a junk shop but the massage room of a back alley Glasgow health club.

A new boy from Pontefract, Murdo (Paul Higgins) is starting as a junior instructor. He has an absurd vision of the city that would bring joy to all concerned junior health ministers: a Glasgow of non-smoking, non-drinking joggers with perfectly proportioned sinuous physiques. His manifesto is coolly received by the old homosexual masseur Donald Dick (Tom Watson) and his cunningly manipulative sidekick Charley (Gerard Kelly), the senior gym instructor.

Donald and Charley are running an undercover racket of membership renewals, with Charley also providing Donald with a steady stream of punters from the hotel bars and football dressing rooms who might enjoy Donald's special line in après massage treatment.

Business is slack, but the couple hope to get their hands on an international soccer star with a knee injury ("Craigie Stein"). And the holidays are nearly over: "Tomorrow, Glasgow gets back from Tenerife." The three men take turns to play off each other, tapping job security worries, and jockeying for status in the gym and the eyes of the unseen boss Mister Beiberger. It is dizzying stuff, with a series of reversals and revelations in the last half hour that would take a day or so to recount.

Richard Wilson's production, both tough and sensitive has been successfully translated from the Manchester arena. The acting is uniformly outstanding, Gerard Kelly driving the play on as befits the chief aggressor while Mr Watson, a really fine and perhaps undervalued Scottish actor, creates an hilariously doleful figure in a red track suit, spitting out his venomous, whiplash, obscenity-studded deprecations with impeccable, and devastating, timing. Sue Plummer's enjoyably garish massage room sits neatly inside the larger gym walls on which are painted various Charles Atlas athletic postures not one of which fully conveys what Donald Dick has in mind for his favoured clientèle.

★

The fringe has responded, magnificently, with its own work play, *Le Lavoir*, presented under the auspices of the Traverse in a wonderful disused washhouse in Abbeymount, where you can hear the trains rumbling regularly into Waverley Station. The company of actresses playing washerwomen on the day the First World War broke out hail from the Théâtre de la Basoche in Amiens; *Le Lavoir* was a hit at last year's Avignon Festival.

This is an inspired matching of product and setting. The Abbeymount Washhouse is a magical place of white tiles and airiness in which the company has placed a huge polystyrene scrubbing trough. Peeling paint and elegant steel girders, hanging naked light bulbs and a high, windowed ceiling, all proclaim a beautiful monument of industrial architecture.

An intriguing legend runs along one wall: "Horses Should Be Fully Extended When Loading Or Unloading" and the mind boggles briefly before you realise that clothes horses are the object of the commandment. The day begins, the women arrive to talk, work, fantasise and bicker, all the while washing and wringing, slapping the clothes with wooden spatulas, dumping them in big coppers, hanging them out, pressing them on large square linen-covered boards.

The text is by Dominique Durvin and Hélène Provost and is a fine addition to the work play genre stretching from Wesker's *The Kitchen* to Storey's *The Contractor* and most recently, another French piece, Grumberg's *The Workshop*. It is beautifully performed, each character taking her turn to reveal something of herself without once subjecting the ensemble rhythms of the piece to undue stress or strain. The language strikes me as a rich and interesting testament to a vanished working class patois, as vigorous and colourful as Mr Heggie's Glaswegian distillations.

Michael Coveney


Tom Watson and Gerard Kelly in "A Wholly Healthy Glasgow"

Russians open the musical events

Musically, too, this year at Edinburgh is Russian Year. Exhibitions, conferences, concerts, dance, poetry readings and plays everywhere proclaim the Russian theme. But the festival week of music in general has begun slowly; and the first few days of official Russian musical offerings to celebrate the 70th anniversary of the October Revolution have proved hardly more buoyant than the theatrical ones.

The two opening concerts on Sunday and Monday night at the Usher Hall were played by the orchestra of the Bolshoi Theatre, Moscow, under the direction of Mark Ermler (who is currently the chief conductor of the Bolshoi Chamber Orchestra). I suppose the roughly equivalent British gesture would be to send to Moscow, to mark some important national celebration, the orchestra of the Royal Opera House, Covent Garden, under Maurice Handford. No disrespect, I am sure, was intended; nor is any intended by the comparison. But the inescapable fact is that there are many fine symphony orchestras and conductors in the Soviet Union: and neither the Bolshoi Theatre Orchestra nor Mr Ermler can realistically be numbered among that list.

Sunday's concert was a gala affair of ostensibly greater symbolic importance, in any case, than musical. For the first time in history, it was announced, a concert was being televised live in the West for simultaneous transmission in the USSR and Europe. The "potential viewing audience" was said to be in excess of 600 million people; and to underline the new spirit of *glasnost*, a message of peace and welcome from Mr Gorbachov himself was read aloud to us before the music began by the Soviet Ambassador.

No one was inclined to doubt the significance of the event: its intentions, if they are given solid foundation in practice, could have a very wide resonance indeed. It was a shame only that the musical performances themselves were so tame. A tentative, rough and ready account of a suite arranged from Rimsky's penultimate opera, *The Legend of the Invisible City of Kitezh*, was followed by the evening's single high point—a solid performance, perfectly decent, but no more than that, of *Mussorgsky's Songs and Dances of Death*, in which the mezzo soloist Irina Arkhipova at least gave her music a degree of real expressive colouring and dramatic weight.

The Bolshoi Orchestra's performance of Chaikovsky's Fifth had no more finesse, or buoyancy, or pungency than its Prokofiev fifth symphony the following evening. Nor did its noisy account of Shostakovich's inconsequential Festival Overture, or Alexander Rudin's dull reading of the same composer's first cello concerto, dispel any clouds. The orchestra is giving two more concerts later this week, for which its Chief Conductor Alexander Lazarev takes over from Mr Ermler: I expect no miracles, but it could just be that we shall be able to judge it differently. And when the real international *glasnost* is established, and if the demise of the Soviet "showcase" tradition is ever finally achieved, perhaps the Edinburgh Fringe itself will be alive with the latest experimental work of Soviet composers and ensembles. Only then will we know whether Mr Gorbachev's fine words have real meaning.

A much sadder event cast its shadow over the second festival day. At the height of his powers, and that for many brilliant decades, Yehudi Menuhin was indisputably one of the great violinists of his era. He was central to the first 20 years at least of my musical consciousness, and indeed has been central to the musical life of a great part of this century. It would be the height of disrespect to praise the recital, or indeed any aspect of it, that he gave in the Queen's Hall on Monday morning — for in nothing we heard was there any more than a ghostly echo, pale and tentative, of the violin playing I once knew and adored, and still treasure on record. The alternative is silence: but that somehow too implies another kind of disrespect. Menuhin's great colleague Heifetz chose to follow another path; and the moment the technique had begun noticeably to decline, he saved his admirers much heartache by retiring gracefully from the public stage.

Dominic Gill

Drama makes comeback in Kingsway

Live drama is to return to the Royalty Theatre in Kingsway, London, which had been taken over by Thames TV until acquired by Stoll-Moss last summer. For a brief time it was sold out as a conference centre, but now a new company, brought together by Martin Tickner, has leased it to present good, old fashioned, popular plays for six week seasons.

The idea is to put on the classics, with top rank actors who do not want to commit themselves to long runs. The first production says it all. It is *The Importance of Being Earnest*, directed by Donald Sinden, and starring Wendy Hiller, Denis Lawson, Gabrielle Drake, Clive Francis, Lucy Gutteridge, Harold Innocent, etc.

By careful planning Martin Tickner believes the plays can make money on 65 per cent capacity and there are no plans for transfers. The actors will be paid according to the box office. The second production is Graham Green's *The Living Room*, directed by Bryan Forbes. There will be many revivals from the 1950s and 1960s, and among the stars who have said they are interested in appearing in this experiment are Richard Chamberlain, Adam Faith, Derek Jacobi, Judi Dench, Diana Rigg, Dorothy Tutin, and many more.

Antony Thorncroft

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 7-13

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The Balcony (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

Follies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque re-union in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Melon (Haymarket): Alan Bates predictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher viewed in flashback from a psychiatric ward after a breakdown. Menopausal mutterings, not vintage Gray. (930 9832).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra inthe Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

Three Men on a Horse (Vaudeville): George Abbott's sprightly gambling comedy has transferred from the National. Geoffrey Hutchings in the lead now joined by Toyah Wilcox (836 9987).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam with Noel Coward's Private Lives directed by John Hartnett and starring Lesley Hughes and Chris Young (all week except Sun and Mon). (24 23 11).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

WASHINGTON

Satchmo (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

The Immigrant: A Hamilton County Album (Arena): An immigrant in Texas at the turn of the century conveys the warmth and quirkiness of autobiography in Mark Harelik's play based on his grandfather's experiences. Ends Aug 16. (488 3300).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was handpicked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Royal Ballet season to open with Swan Lake

The Royal Ballet opens its 1987-88 season at Covent Garden on October 16 with Anthony Dowell's production of *Swan Lake*, designed by Yolanda Sonnabend with Cynthia Harvey and Jonathan Cope leading the first night cast.

A Stravinsky triple bill consisting of Michel Fokine's *The Firebird*, Frederick Ashton's *Scenes de ballet* and Kenneth MacMillan's *The Rite of Spring* will follow, with Cynthia Harvey making her Royal Ballet debut in all three.

A second triple bill begins in November featuring *The Dream*, choreographed by Frederick Ashton with Antoinette Sibley at Titania; Jerome Robbins's *The Concert* (or *The Perils of Everybody)* to piano music by Chopin and *Galanteries*, danced to early Mozart.

The Royal Ballet will also give two performances of the Stravinsky Triple Bill in West Berlin on November 1 and 2 as part of the 750th anniversary of the founding of the city of Berlin.

FINANCIAL TIMES
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Wednesday August 12 1987

Changed map for Europe

A DEAL to change the industrial map of Europe is how Mr Percy Barnevik, chairman of Asea of Sweden, has described his company's agreement with Brown Boveri of Switzerland on a merger which will create one of the world's largest electrical engineering groups.

It is tempting to dismiss this claim as a triumph of hope over experience. The 1960s and 1970s saw a succession of similarly ambitious cross-frontier marriages between large European companies, many of which ended in divorce. Though Mr Barnevik has a formidable reputation as an industrial manager in Sweden, he has yet to prove he can bridge the differences in national attitudes and corporate culture which undermined earlier mergers such as Dunlop-Pirelli in rubber, Hoesch-Hoogovens in steel, VFW-Fokker in aerospace and Unidata in computers.

Yet this time the outcome may be different. Asea and Brown Boveri are both based in small countries which have never indulged in the chauvinistic "national champion" approach to industrial policy which made some earlier mega-mergers unworkable. As politically neutral states outside the European Community, with a well-developed sense of economic vulnerability, Sweden and Switzerland have learned to put hard-headed pragmatism ahead of national pride.

Survival issue

Growing worldwide protectionism has heightened their sense of isolation. Swedish companies are particularly worried that the community's plans to create a single market by 1992 will leave them out in the cold. Companies such as Atlas-Copco, Electrolux and Alfa-Laval have all recently stepped up efforts to broaden their international base through acquisitions in Europe and the US.

The potential importance of the Asea Brown Boveri merger extends still further, however. Whether or not it succeeds, it seems likely to act as a catalyst for a long-overdue restructuring of Europe's power generation and transmission equipment industry. Closed public procurement policies have kept companies out of each other's home markets and restricted competition and collaboration between them largely to non-European markets, where orders are often decided as much on financing terms and political influence as on product quality.

As in telecommunications manufacturing, which has grown up in similar conditions, the consequence has been a highly fragmented industry burdened with duplicated capacity. As national demand in countries such as France and West Germany flattens out and the costs of staying in the industry continue to mount, Europe faces the prospect of too many suppliers weakened by inadequate economies of scale. For many, seeking merger partners may become a survival issue.

The emergence of Asea Brown Boveri as a super-group promises to give a clear focus to these developments, just as last year's bold takeover by France's CGE group of the scattered European businesses of ITT of the US concentrated the minds of other telecommunications manufacturers. Though many of them question the logic of that deal, it has spurred a renewed quest for defensive links.

Nationalistic taboos

In neither industry is restructuring likely to be easy. Many companies which have come to think of themselves as national standard-bearers will be reluctant to enter deals except as superior partners; combining incompatible product ranges and streamlining capacity will call for delicate compromises. On top of all that, the close links between power generation and telecommunications manufacturers and their national government customers threaten to inject political complications.

On the other hand, the recent resurgence of smaller intra-European takeovers and mergers in other sectors, such as the Daf-Leyland deal in trucks, Thomson's acquisition of Thorn EMI's brown goods business and Olivetti's purchase of Triumph-Adler in office systems, is an encouraging sign that some of the old nationalistic taboos may finally be breaking down. A growing number of European businessmen now seems to be thinking in terms of—and even running ahead of—the goal of a single community market free of internal frontiers.

Industry's readiness to adapt to the challenges of open competition is vital to the achievement of economic revitalisation which is the internal market programme's long-term aim. The task of adjustment will be toughest in sectors long shielded by preferential public procurement. While the Asea Brown Boveri and CGE/ITT deals provide a salutary impetus for change, it is ironic that the former involves two companies based outside the community, while the latter depended on a decision by a US multinational company to sell out.

The Soviets and the Gulf

YESTERDAY'S DECISIONS by Britain and France to send minesweepers to the Gulf and the verbal support offered by West Germany and the Netherlands underline the high hazards in the region. Not that much additional emphasis was needed. Monday's Iraqi raids on Iranian industrial installations had shattered any lingering hopes that a ceasefire could hold in the Gulf war, following the three-week-old call by the United Nations Security Council for an immediate end to the fighting.

There are moves afoot in the UN to put more pressure on the combatants. Ideally these should include attempts to deny Iran and Iraq the weapons with which to conduct their conflict, though shutting the international arms bazaar will not be achieved overnight. But at least there seems to have been a joint awakening to a real crisis. In the perilous weeks ahead it will not only be the US Navy and US-registered tankers in the firing line.

Same side

Yet one important player, the Soviet Union, remains, at least to most official Western eyes, outside the scope for joint action, though it did support last month's Security Council resolution. Indeed one of the dangers implied by the latest rise in tension is the possibility that it could cause unwarranted friction between the superpowers. The Soviets, too, have warships, including a minesweeper, in the region, and they are seriously at odds with the Americans over Gulf policy. Yet consultation between the two over the region remains extremely limited in scope, and conditioned by a hefty dose of mutual suspicion.

Theoretically, the US and the Soviet Union ought to have plenty to talk about in the Middle East. They are both essentially on the same side in the Iran-Iraq war. Neither wishes to see an Iranian victory, although Moscow has been careful to offset its position as Iraq's main arms supplier by keeping lines of communication open to Iran. Both want to preserve the freedom of navigation. Both have an interest in preventing a wider conflagration in the region, especially at a time when they are so close to a nuclear arms control agreement.

Yet when it comes to building on that minimal consensus, the US, at least, shows signs of schizophrenia. On the one hand, Washington was extremely keen to secure Moscow's co-operation in drawing up last month's Security Council resolution; on the other, President Ronald Reagan flatly turned down a proposal from Mr Mikhail Gorbachev for broader bilateral talks on the Gulf three weeks ago.

The fact is that Moscow, long excluded from anything more than a marginal role in the Middle East, has in recent months been making some modest diplomatic inroads—and the US, which has for just as long regarded the region as its own preserve, simply does not know how to respond. The Soviets are courting the moderate Arab Gulf states—most visibly by chartering three oil tankers to Kuwait, a deal which in turn prompted the US to put 11 Kuwaiti-owned vessels under naval protection.

Moscow's interests

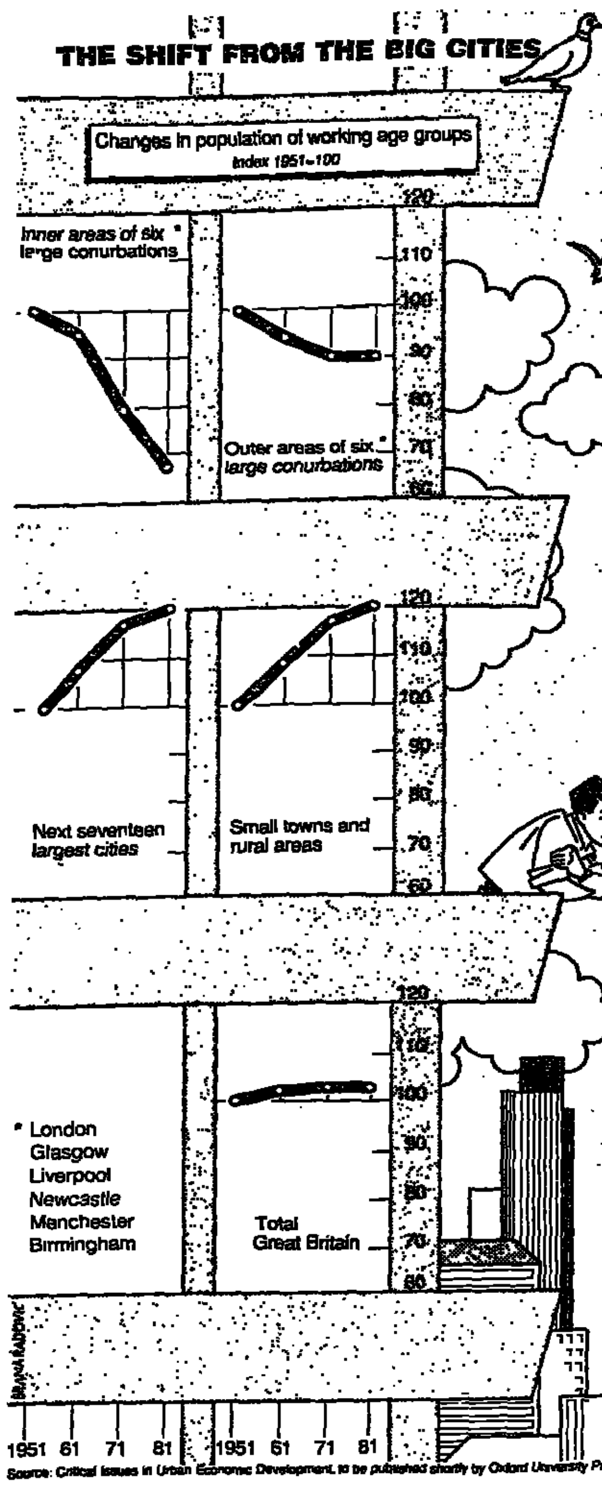
The gist of Washington's argument for countering these developments, and for giving Moscow the cold shoulder, is that it has no desire to "legitimise" Soviet activities in the region. But it is hard to see in what sense Moscow has no legitimate interests in the Middle East. It has a 1,000-mile border with Iran; one of the world's largest Moslem populations; and an overriding economic interest in oil. In acknowledging such concerns, the West would scarcely be opening the door to Soviet hegemony over the region.

Conversely, Moscow has considerable potential to make mischief. The Soviets are, for example, stepping up their economic co-operation with Iran at a time when Western policy is aimed at Tehran's isolation. In the event of a confrontation between the US and Iran, those links could take on greater strategic significance. If only for that reason, the US has much to gain from talking to the Soviet Union on the Gulf.

BRITAIN'S INNER CITIES

Too many fingers in the urban pie

By Hazel Duffy



Source: Critical Issues in Urban Economic Development, to be published shortly by Oxford University Press

A BATTLE ROYAL is being fought in Whitehall over the future of Britain's inner city policy. The battalions started massing as soon as Mrs Thatcher expressed her conversion to the cause on election night.

The battle has focused attention on the fact that while ministers have a lot to say about the inner cities, no coherent Government policy exists to tackle their problems. What the Government does have is a series of programmes, owing their existence to a variety of ad hoc ministerial initiatives over the past decade. Some took years of planning, others were snap reactions to riots in places like Brixton and Handsworth.

The task of blending these incongruous initiatives into something that can be presented as a policy has been handed to a team of civil servants, which is servicing the Prime Minister's new Cabinet committee on inner cities. It is due to produce a plan for the committee's consideration next month.

The skill of the team, headed by Mr Eric Sorensen, seconded from the Environment Department, will be judged by its ability to devise a strategy spanning all the different interests at Whitehall. Mrs Thatcher will have the responsibility of ensuring that her ministers do not allow inter-departmental politics to frustrate the delivery of a coherent policy.

The factions in the debate have drawn up round the following questions: should the main objective be getting jobs for the inner cities, or redevelopment along the lines of London Docklands?

Lord Young and Mr Kenneth Clarke, at the Department of Trade and Industry, with their days at the Department of Employment fresh in their minds, think the priority should be jobs. For his part, Mr Nicholas Ridley, at the Department of the Environment, wants to push ahead with urban renewal. He is confident that rehabilitation of urban wastelands will lead to the revival of business and industry in those areas. His argument is that the new offices, housing and leisure facilities which will result will lure employers away from the overcrowded, high-cost south-east—especially if he continues to sit tight on the green belt around London.

Critics fault the Government on two counts. They argue that it has brought a confusingly large number of departments in to address the problem—the Home Office, Education, Employment, the Scottish and Welsh offices and the Treasury sit on the Cabinet committee, along with the DTI and Environment. And, more fundamentally, they say the Government has failed to define its objectives clearly.

That is the view of Mr Victor Hausner, a partner at PA Cambridge Economic Consultants and editor of the Economic and Social Research Council's series of studies on inner cities, he sees the British problem from the vantage point of having worked on similar issues in the US. He says: "The policy is ambiguous because it is confused. Is it supposed to provide employment for people in the inner cities? Is it simply about urban regeneration? Of is it about strengthening regional economies because, outside London, the urban problem is about deprivation in economically poorer regions?"

He cites enterprise zones as an example of that confusion. The first were designated in 1981-82 and there are now 25. They were meant to test the extent to which private sector activity can be encouraged by tax concessions and the relaxation of various controls.

Some have successfully prompted development in places previously ignored by the private sector, like the Isle of Dogs in Docklands, Corby and Swansea and some in the north of England. They seem to be good examples of radical Conservative thinking put into practice.

The choice of what goes into enterprise zones is the decision of the marketplace. That has meant more warehouses than factories in certain zones—but also questions as to whether the huge retail projects which have grown up in some zones should benefit from such government subsidies.

Even among Conservatives, signs of disappointment with the schemes have begun to emerge. Just before the election, Mr Ridley said it was unlikely that there would be any more enterprise zones because they had proved expensive in "cost per job" terms—suggesting that the Treasury may be bringing down the axe. Cost per job was not an indicator used in the original evaluation of the programme.

It has become clear that if the Government is going to succeed in persuading the private sector to put money into this kind of area, further incentives are necessary. "Imaginative financial schemes are needed," says Mr Hausner. "And the Government should make sure it gets some sort of equity investment in schemes, so that when they are successful, like Docklands, it gets some payback."

Partnership with the private sector is increasingly the theme behind schemes devised by the Environment Department, which sees itself as initiating the most successful inner city projects.

Environment inherited its urban policy from the last Labour Government, which laid the emphasis on partnership with local authorities. Under the Conservatives, the Urban Programme continues to be administered through local councils. But the empasis in the urban development corporations is on bypassing the local authorities and going straight to the private sector. This involves a new grant paid direct to private developers and simplified planning procedures. The scheme was begun by Mr Michael Heseltine with the Docklands and Liverpool urban development corporations. Since then, five more have been set up and more are promised.

The question of the role of local authorities is a vexed one. In Scotland, experience shows that urban renewal can be carried out most successfully with the support of local councils—the Eastern Glasgow renewal project is an example. People working on site in inner city programmes argue that council involvement is crucial to success.

But the Government's policies on housing, education and the community charge, which will remove much of the local authorities' power base, militate against this co-operation.

For its part, the Department of Trade and Industry has only a tiny budget for inner city programmes—£16m for the neighbourhood Task Forces, and the city action teams brought over from the Department of Employment by Mr Kenneth Clarke—compared with £500m spent on the inner cities per year by the Environment department.

However, the DTI is the department that leads the government's regional policy—essentially an inherited policy which has been modified by Mrs Thatcher's ministers to give better value for money. The regional budget has been almost halved since the early 1980s to around £400m this year.

Lord Young is not satisfied that this money is always spent with the maximum impact on jobs. Areas which receive assistance are designated in such a way that some severely deprived inner city areas do not qualify; and the grants go mostly to medium and bigger companies, not to the small firms which are supposed to be in the forefront of the Government's jobs drive.

Lord Young's aim will be to see if the money can be distributed less automatically through regional venture capital funds.

For dereliction is found not only in inner cities. Sometimes it is on the periphery of cities — the Glasgow housing estates are an example — sometimes it is wasteland left by departing industry, as in the Black Country and Teeside. Such dereliction is still an urban problem which needs to be dealt with in a regional context.

In some senses, however, regional grants are an anomaly when it comes to cities. They tend to encourage investment in factories on the City's edge, exacerbating the unemployment problem within the cities. Successive post-war governments have actively tried to shift industry and population to suburban and rural environments within regions. Meanwhile the economic tilt of the country to the south has gone on unchecked for 20 years.

It is in the context of this major movement — aided and abetted by governments — that the scale of the current effort to bring jobs back to the cities has to be seen.

"The scale of the problem here is so large that the sort of initiatives that we can undertake can only achieve a small amount," says Mr Mark Tovey, director of the Government task force Handsworth, Birmingham.

"What we are really about is learning and finding models that can be used elsewhere."

One such initiative, copied from the US, was the tailor-made course set up with the Manpower Services Commission at a local college to train Handsworth people in the skills needed by the new Copthorne Hotel in Birmingham, built with the help of a government grant.

Fifty-eight people took part. 26 were taken on by the hotel. Mindful of the disillusion which would follow for the remaining 32, Mr Tovey's task force arranged for them to go on a catering course which would lead to recognised qualifications.

Such an approach needs patience and the understanding of local needs that can only be gained by being in the area. The results are slow in coming.

Mr Clarke is convinced it is the right approach. Opening a scheme in Handsworth recently, he said: "We are determined that local people should have the chance to compete for the jobs that are going locally. What we do not want to see are people watching from the sidelines while their neighbourhood is being rebuilt, and then having no sense of responsibility for it when the suburban building contractors move out."

The original residents of Docklands understand Mr Clarke's point only too well. While ministers laud this as the most successful renewal project, and a magnificent example of public and private sector working together, a recent report prepared by consultants Roger Tym for Tower Hamlets found that the jobs that have been created on the Isle of Dogs—with substantial government assistance through its enterprise zone status—were "unsuitable and unobtainable" for the residents.

Jobs were being lost in the areas where these people had skills, and "very little help appeared to be available with training schemes."

A crucial test will be whether the Government is prepared to acknowledge these shortcomings before giving the go-ahead to the Royal Docks project.

In the meantime, in areas like Spitalfields, highlighted by the Prince of Wales's recent visit, private agencies like Business in the Community and the London Enterprise Agency have been left to try to match the employers—some in the City—and the unskilled and under-qualified school leavers in the area.

So far, all the evidence is that if the private sector is to be persuaded into these areas, it has to be given a financial advantage. But to operate simply for financial advantage in these areas is no solution; showpiece developments which do nothing for the existing residents will only shift the ghettoes of deprivation elsewhere.

Kenneth Clarke

'We want local people to have the chance to compete for jobs. What we don't want is people watching from the sidelines while their neighbourhood is being rebuilt'

Men and Matters

Nicholson's view of enterprise

The next chairman of the Post Office, Bryan Nicholson, aged 55, the chairman of the Manpower Services Commission for the past three years, remembers lighter moments in his uphill task to get the unemployed back into work.

Reporting a "tremendous groundswell of enterprise" in Britain he once confessed that some of the particular forms of enterprise shown by budding entrepreneurs had taken the MSC by surprise.

The scheme to encourage unemployed to set up their own businesses by paying them £40 a week for a year was found to be supporting a "profession that is, shall we say, quite elderly," he admitted.

One applicant to run a health studio soon had a flourishing massage parlour. Another applicant turned out to be a stripper.

Nicholson, who succeeded Lord Young at the Commission, when Young joined the cabinet as Minister without Portfolio, was seconded from Rank Xerox initially. He was at the time chairman of Rank Xerox UK and Rank Xerox, Germany.

A member of the Conservative party, he was approached by the government to undertake the job. Rank Xerox made up his salary to the £76,000, he had enjoyed, at a time when the going rate for the MSC chairmanship was only £45,000.

Nicholson, who built up a reputation as "an industrious industrialist," as one colleague described him, was at Oriel College, Oxford, before joining Unilever as a management trainee.

'Oh, your'e a stockbroker—that's why you look like a bear with a sore hed?'

Repair work

Running Midland Bank's US operations must rank among the more challenging, if not thankless tasks in international banking, following Midland's disastrous experiences there with the Crocker Bank.

But this is the gauntlet taken up by John Ward, aged 44, a banker from Merrill Lynch, who has just been named president of Midland America Corporation.

Ward is English-born, but has lived in the US for 15 years and now has dual citizenship. Ambitious and good-humoured, his career began as a laboratory assistant with Shell, and progressed through Rio Tinto and Citibank.

He took the Midland job, he says, because he was impressed by Sir Kit McMahon, Midland's new chairman, and the team he has collected around him, particularly Ernst Brutsche who heads Midland's investment banking operations and to whom Ward will report.

"They have vision," he said yesterday. "They think of the corporate market much more in terms of dealing in securities than in making loans and locking them away for years."

Midland's US operations are, naturally, considerably smaller now that Crocker has been sold—mostly bond and foreign exchange trading.

Ward's job will be to shake off Midland's trouble-prone image and then hammer all the bits into a working whole. Despite last week's acquisition by NatWest of a large bank in New Jersey, Ward is unlikely to push Midland in that direction again.

Gone pop

British Telecom, which has been having its little problems recently with some of the London telephone exchanges, ventured into the pop music world yesterday—and at once provoked a new crisis.

Someone at BT chose a number on the 583 exchange for booking tickets by 'phone for the forthcoming Madonna concert at Wembley.

First inkling of trouble came when a data system delivering news into the Financial Times editorial computer system from foreign correspondents began serving garbage instead of well-honed copy.

Inquiries traced the trouble to the 583 London exchange.

As Madonna fans found out how to book their seats the exchange quickly sank in a flood of calls. Total confusion reigned with lines disrupted, corrupted, or jammed.

Word of advice

Tessa Blackstone, now Baroness Blackstone of Stoke Newington, is rarely short of an opinion when she appears on BBC programmes such as Stop The Week, Any Questions, or Question Time.

Now the former member of the Cabinet Office Think Tank during the last Labour Government in the 1970s, and subsequently director of education at the Inner London Education Authority, will be able to make her opinions felt at the BBC.

She has become the first woman to chair the BBC's General Advisory Council, a 60-strong body which gives advice to the BBC across the whole range of its broadcasting.

Baroness Blackstone, aged 44, master-elect of London University's Birkbeck College, yesterday emphasised the importance of having a sounding board of representative groups of people to undertake "regular and thoughtful viewing and listening," and come up with creative ideas.

It will be interesting to hear what she thinks about Stop The Week, Any Questions, and Question Time.

Gunpowder plot

A curious new kind of hazard to chemists has come to light through the letters columns of the magazine Chemistry in Britain.

A Kenilworth chemist points out that modern textbooks no longer record the long-practised ways of making explosives that every red-blooded schoolboy tried the moment his teacher's back was turned.

Even the recipe for gunpowder has been excised, as well as formulae for those potent explosives called fulminates which scholars used to paint on doorknobs and leave to crystallise for the unwary.

The upshot is that budding chemists are being kept in the dark about potentially explosive chemical reactions, until they rediscover them inadvertently at the laboratory bench.

Even eminent academics have been blowing themselves up, and reporting their "discoveries" with evident surprise.

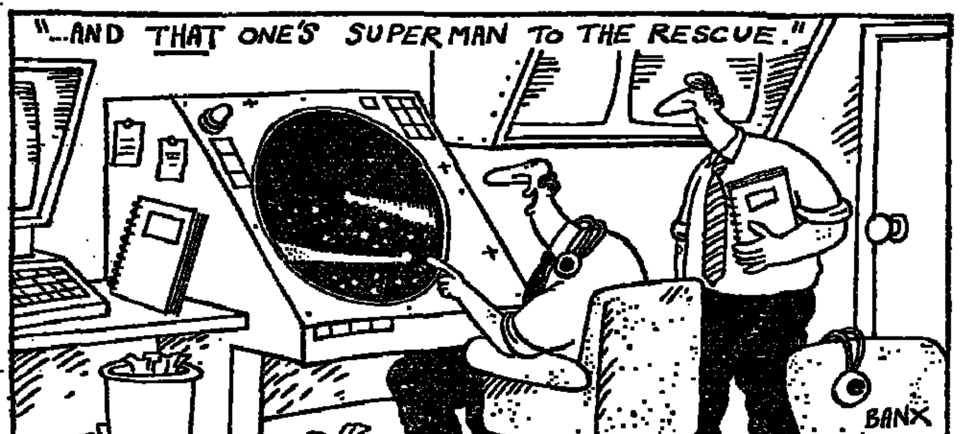
The concerned correspondent argues that by restoring the excitement of "banks and stinks" to chemistry teaching, professors will not only forewarn their students against unnecessary risks, but will make chemistry a more appealing subject to students.

Observer

هكذا من الأصل

Jimmy Burns looks behind mounting public concern about near air misses over Britain

Flying on a wing and a prayer



A SWEDISH air traffic controller was invited to London Air Traffic Control Centre (LATCC) at West Drayton, near Heathrow. At the end of the tour he was asked for his comment: "I think you have some rather nice antique pine furniture, but how do you manage?"

Demands for an answer to this question have intensified amid allegations that Britain's air traffic control system is close to breakdown. In May, a mid-air collision between a British Airways jumbo-jet and an Alitalia Airbus was only narrowly averted when the two aircraft came within 100 ft of each other as they circled near Heathrow.

It was only one of a number of reported near misses which have coincided with an unprecedented growth in air travel this summer.

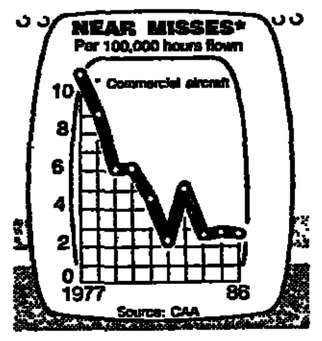
However, the Civil Aviartion Authority (CAA) rejects the public perception that the risks of a collision are growing. It says chances of travellers becoming involved in a near miss "have been significantly reduced over the years." According to the CAA, the numbers of public transport aircraft involved in what it calls "risk-bearing air misses" declined from 45 in 1977 to 16 in 1986. It sets these figures against an increase in air journeys—take-offs and landing—from 759,000 to more than 1.1m over the same period, and calculates that the number of near misses fell from 11.3 per 100,000 hours flown to 2.8.

The controllers dispute these figures, although they apparently disagree over alternative ones. "I think some sectors of the media may have dramatised things," says Mr Bill Brett, assistant general secretary of the Institution of Professional Civil Servants, the main union representing Britain's 950 controllers. Nevertheless, he is not underestimating the dangers: "Air traffic control is getting less safe. We cannot go on being lucky. I fear that we are going to end up with a collision."

This leaves management with the formidable challenge of both reassuring the public, and securin gthe loyalty of the workforce. A recent survey showed that 79 per cent of air traffic controllers at West Drayton felt morale was poor.

The controllers want an independent inquiry into equipment and conditions; they want the CAA to install a simulator so that they can practice emergency changes to manaual control; and to urge the Royal Air Force to share some of its air space. (Britain is the only country in Europe to have joint civilian and military air traffic regulation).

The CAA says it has spent £125m over the past five years on updating its technology, including installing new radar equipment, navigational aids and landing systems. It has also followed the example of the US and Continental Europe in introducing "flow control."



This means that whenever the amount of traffic threatens to rise above the level that the CAA feels controllers can safely handle, it can temporarily restrict the number of aircraft entering British airspace and taking off from British airports, to spread the load more evenly through the day.

In the first six months of this year, there was a 6 per cent increase overall in the number of flights; but for some peak periods the figure was 25 per cent. With the possible implication that the sky is, at times, overcrowded, are the technology and systems sufficient to minimise the risk of collision?

The CAA says it intends to invest another £200m over the next five years, but admits that it has "some catching up to do" to redres past delays in modernisation. A five-year investment plan begun in 1976 fell behind schedule, and it is acknowledged that funds were not always applied where they were most needed.

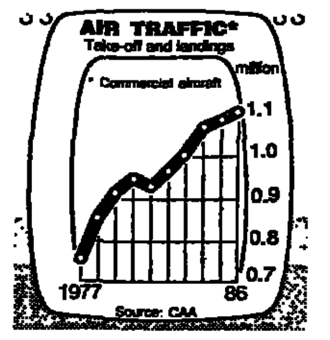
In spite of these admissions, the majority of Britain's air traffic controllers still believe the CAA is understating the scale of the problems, so contributing towards the lowering of morale.

They find it hard to contain their feelings as they contrast the CAA's public statements with the reality of their working environment.

The main control room for civilian air space in England and Wales is as dark as an underground garage. The bulk of the equipment and furniture is the same as it was in the early 1970s when the room was officially opened.

The routine can be leisurely, but for at least three crucial hours each day it has the intensity of a financial dealing room. One Friday this summer, just after 5 pm, there were 13 aircraft circling above the airfield. Nearer to Heathrow's main landing strip, another five were making their final approach, between two and three minutes apart. On the ground there was a similar number of planes taxiing to take off -

The controllers and their assistants work shoulder to shoulder in dark cubby holes. Crucial flight information spills out of a printer before being manually pasted up on wooden strips. The planes appear as



small yellow blips on a horizontal screen prone to distortion and provoking backaches in the viewer.

"The equipment we used at university was 20 years ahead of this lot," says one of the LATCC's more recent recruits.

The CAA says that as well as improving the radar and upgrading facilities at West Drayton, it plans to install a new central computer for which detailed designs are "well under way." The urgency of this requirement was underlined at the weekend when the 16-year old IBM system failed—although the CAA denies that the 50-minute breakdown led to a near miss.

It is also trying to negotiate substantial changes in working practice and in controllers' pay and grading. In contrast to the US—where an impasse in 1981 between the Government and air traffic controllers led to 75 per cent of the latter being sacked—the CAA has opted for the carrot rather than the stick. It has, for instance, withdrawn its threat to lay off more than 130 controllers: and it claims the package will mean better pay. Yet the proposed package runs the risk of deepening rather than easing the friction.

Part of the plan is to break the controllers' link with the civil service. The CAA wants greater flexibility to negotiate locally and introduce pay and grading differentials between the busiest units and the rest.

But many controllers fear the package will mean fewer jobs and less pay, and make them more vulnerable when the going gets tough with management.

Behind their complaints lies a deep-seated mistrust of the CAA. The view is that management has tended to react to events, rather than anticipate them. They see a similar pattern in other European countries, like Spain and France, where investment in air traffic control has followed strikes.

"The strong feeling that management doesn't understand and doesn't care has been the single most serious matter of concern to me," Mr Keith Mack, CAA group director, told air controllers last month. "It is a matter of regret that staff have not believed that we were aware of their problems or, worse still, that we were ignoring them."

Over the last two years the CAA has decentralised its management organisation, bringing in a former air controller, Mr Chris Barrows, as general manager at West Drayton and streamlining its project division. It has also conducted a series of meetings with controllers and adopted a more open-door approach towards the press, aimed at reassuring air travellers.

Clearly though, the CAA has a way to go to ensure better communication with and cooperation from the controllers. US airlines and other aviation groups, in a rare show of agreement, have recently produced a modernisation plan for their country's air traffic control system. On the same day some British controllers met in a pub, not far from Heathrow, and told a story about a Swede.

International terrorism

The message must be: violence will not pay

By Paul Wilkinson

IN THE worsening crisis in the Gulf, attention has mainly focused on the threat to US warships and reflagged tankers. But the violence in Mecca and the continuing embassy war between France and Iran, in both cases provoked by Iran's blatant violation of international and diplomatic law, are a clear reminder that Iran poses a much wider terrorist threat.

The US is the prime target for attacks by agents directly controlled by Tehran and by fanatical pro-Iranian groups, such as Hizbollah. The most dramatic case of the first type was the abduction of the entire US mission in Tehran in 1979; the most horrifying example of the second was the truck bombing of US and French troops in Beirut in October 1983, in which 241 US marines died.

The high profile of US naval operations in escorting reflagged Kuwaiti tankers has greatly intensified the risk of Iranian-sponsored terrorist attacks against US installations abroad. The Iranian ambassador to Lebanon, addressing a weekend rally of Hizbollah in Beirut, threatened to mount terrorist attacks in American cities.

The US Government, fully aware of the Ayatollahs' track record, has wisely decided not to dismiss such threats as mere rhetoric. Last week, Washington issued a general alert for all western nations to be prepared for Iranian-sponsored terrorism, especially against US targets. Britain, France, Saudi Arabia and Kuwait—all of which the Iranian regime sees as allies of the "Great Satan"—could also be targetted.

No one should understimate the dangers. There are many thousands of militant pro Khomeini Iranians living in western cities and Iran has developed an extensive network of terrorist cells in its diplomatic missions.

How can the west defend itself against state-sponsored terrorism? Has it learnt anything from previous campaigns? The most important lesson is that appeasement is disastrous.

Offering Tehran arms for hostages merely whetted the appetite for more hostage-taking in Lebanon. Attempts by London, in the early 1980s, to conduct business as usual with Gadaffi's regime only spurred the Libyan dictator to more violations of diplomatic law, culminating in the shooting in St James's Square in which WPC Fletcher was killed. Offering concessions to states sponsoring terrorism simply puts more innocent lives at risk.

Another important lesson is that firm and united diplomatic and economic measures by the major industrial states can cause terrorist states to curb their violent behaviour. It must be emphasised that the pursuit of short-term commercial advantages in trade with terrorist states undermines one of the most effective weapons the west has against terrorism.

The most dramatic example of effective pressure by the west is in relation to Syria. After the Hindawi trial in London, which revealed Syria's complicity in the conspiracy to blow up an El Al jet flying from Heathrow, Britain and other European Community states took diplomatic measures to isolate Syria.

President Assad, who sees himself playing a leading role in any future peace negotiations on the Middle East, could not afford to become a pariah. The Syrians have by no means abandoned the use of state-sponsored terrorism, but they have taken some important steps, such as closing down the office of Abu Nidal in Damascus (Western governments should surely increase pressure on Syria to detach itself from alliance with Iran and to intervene forcefully to release the western hostages held in Lebanon. Syria must make it clear that it is carrying out the responsibilities of a law-abiding state in cracking down on terrorism, if it is to be accepted as a proper negotiating partner in Middle East diplomacy.)

In the case of the Iranian regime, despite its obvious contempt for the rules of diplomacy and for the UN Security Council's resolution, the threat of diplomatic isolation cannot be taken lightly. In order to sustain its war against Iraq it desperately needs access to western markets and technology. But by far the most important potential weapon against Iran is an arms embargo.

The Tokyo Summit declaration on state-sponsored terrorism promised joint action to boycott arms supplies to terrorist regimes. Why has this agreement not been properly implemented against Iran? It is estimated that more than 50 states have been involved in supplying weapons to that country

Britain is taking the lead in seeking an arms embargo against Iran. This is going to be difficult to obtain and enforce. How is Britain going to get states such as China, North Korea and South Africa to comply? But if a wide-ranging embargo can be achieved it will have the dual advantages of pressuring Iran to come to the negotiating table to end the Gulf War, and forcing it to abandon, or at least reduce, its use of state-sponsored terrorism.

Investigations by the International Peace Research Institute, Stockholm, and ITN in London have found considerable involvement of British arms supply companies in trade with Iran. These firms find it all too easy to avoid the restrictions of both the Department of Trade and Industry, and customs. It is outrageous that Britain still has an important Iranian arms procurement office based in London. It is probably true that other countries have a much greater stake in arms deals with Iran, but if Britain is to take a leading role in instituting a UN arms embargo, it must clean out its own stable.

If the state-sponsored terrorism of Iran and other offenders is to be effectively curbed, western industrial states must, above all, act in a co-ordinated and united way. Tough joint action aimed at the diplomatic and economic weaknesses of the offending state will convey the message that terrorism will not pay. The costs of terrorism must be maximised and its rewards minimised.

The enormous advantage of diplomatic, economic and arms embargo measures is that they avoid the risk of escalation into a wider conflict with the terrorist regimes. How many more innocent people will be murdered, maimed and bereaved before the western alliance learns to act in concert against the state sponsors of terrorism?

The author is Professor of International Relations, Aberdeen University, and chairman of trustees of the Research Foundation for the Study of Terrorism.

Letters to the Editor

BA-BCal merger

From Mr R. Powrie

Sir,—Sir Colin Marshall (August 7) points out that BA-BCal would account for only 39 per cent of UK international scheduled traffic against the 57 per cent share held by foreign carriers and that the proposed merger cannot therefore be anti-competitive.

A few days before, BA and BCal published an advertisement listing 103 "principal scheduled airlines that are currently flying into, out of and between Britain's airports." Presumably we are invited to believe that with such an abundant choice we are assured of the benefits of competition and that therefore the Monopolies and Mergers Commission can safely approve the merger.

In fact, what this advertisement does is to show that Sir Colin's figures are irrelevant. On my rough count over 60 of the airlines listed are national flag carriers. Far from adding to the competition, these are the very airlines with which British Airways and BCal effectively have anti-competitive capacity — or revenue-sharing agreements. Instead of offering assurance, the advertisement is better regarded, at least as to 60 per cent, as a rogues' gallery. True competition is represented only by the carriers on the north Atlantic, the charter firms, and by those half dozen serving UK trunk routes, the Netherlands or Hong Kong.

British Airways may argue that these anti-competitive arrangements are a product of government to government agreements over which it has no control and which, to its credit, it would like to see abolished. While this may be so, it does not alter the fact that BA and BCal are parties to anti-competitive arrangements covering some 80 per cent of all UK scheduled international traffic. Whether they join this super-cartel as one company or two is largely *de minimis*, though it is to be hoped that the MMC will refrain from lending respectability to an arrangement which is so much to the detriment of the travelling public.

In the short term, the key questions are control of scheduling at Heathrow and Gatwick; and competition on UK trunk routes.

Looking further ahead, the most disappointing feature of BA's bid is the seemingly parochial vision which informs it. If BA really hopes to position itself to match the leading US airlines, acquisition of BCal is a half measure which will do little to help and could even make matters worse. BA would need a much broader base than the UK alone could offer—for example two major hubs on the Continent. These would be most readily acquired by collaboration and eventual merger with European carriers. But any merger between a large continental airline and a UK monolith, which dominated both Heathrow and Gatwick, would almost certainly be opposed by the European Commission. The UK policy of encouraging a "second force" airline to compete with BA therefore makes sense in EEC terms also.

A sounder course for the UK and for Europe would be for BA and BCal independently to seek partners on the Continent.

Roderick M. Powrie.
Brookfield,
Bells Yew Green,
Tunbridge Wells, Kent.

Freedom for pensions

From Mr I. Walker

Sir, — In advocating the discontinuance of both benefit and contribution limits on pensions Mrs G. D. Kaye of The City University (August 7) conveniently ignores the provision of tax-free lump sums at retirement. Nevertheless even if the tax-free cash facility were to be removed from "pensions" into a more closely monitored environment I doubt if the freedom she espouses could come about without disastrous consequences. For a start, what would happen to that part of the "pensions industry" that owes a large part of its livelihood to the monitoring and implementation of limits on pensions?

One way, however, towards the goal of simpler and more effective pensions provisions is to replace the emphasis on defined benefits at retirement by defined contribution limits operating over the lifetime of the employee. This cannot be done "at a stroke," but the trend to this end is clearly discernible. In particular the new restrictions on providing career/maximum benefits at retirement in respect of periods less than the "full career" of 40 years is a reasonable step in the direction of contribution rather than benefit limits.

It means that employees are less likely to rely on the "executive" plan at the end of their career to put right past deficiencies in their pensions planning. It "encourages" employees to use their "contribution limits" early on in their careers to buld up pension entitlements. Most importantly of all, it paves the way for the removal of the Inland Revenue Maximum of a two-thirds pension at retirement without opening the floodgates to over-zealous "tax-effective" planning.

The need to force reluctant employees to make adequate provision for their retirements throughout their careers, and not live in hope that it will be all right on the night is, of course, the conclusive argument against the pipe-dream of Mrs Kaye's unrestricted, administratively simple, pensions world.

At present we are in a transitional period with inevitable difficulties and anomalies. Many of these will not affect the majority of employees who will in practice be likely to gain from the new opportunities available.

Iain B. Walker.
40, Ennismore Gdns, SW7.

A reward for investors

From the Director,
Think British Campaign

Sir,—The boom in consumer credit which appears to suck in ever more imports could be turned to the advantage of British manufacturers by an enlightened move on behalf of the Chancellor of the Exchequer.

Might I suggest that, instead of abandoning Capital Gains Tax, he offers an exemption only to those who invest in British equities? Thereby, he would channel much needed funds into British manufacturing industry and reward those patriotic enough to support the home team.

Margaret Charrington.
43, Aldwych, WC2

More expensive electricity

From the General Secretary,
Engineers' and Managers' Association

Sir,—Stanley Steward (August 7) argues that it is necessary to split the CEGB into two or more generating companies in order to provide "a competitive choice of significant power supplies, including those from France, Scotland and industrial concerns." But power is bought competitively from those sources today, so where's the benefit?

In fact, his solution would lead to more, not less, expensive electricity. This is for the simple reason that power is supplied today by the CEGB utilising the power stations it owns on a national merit order basis. Splitting up the CEGB would lead to power being supplied on a merit order basis determined by the individual generating companies (otherwise what is the point?) and by definition this would be a less efficient system. It would also lead to higher capital costs (due to the loss of the CEGB's dominant purchasing strength) and higher staff costs (due to the need for replication of staff).

The idea that splitting up the CEGB will lead to lower electricity costs is a chimera. No one who has yet argued for it has confronted the reality of the CEGB's operational economics or, in consequence, made any attempt to explain just how splitting it up will lead to lower cost electricity.

John Lyons.
Station House,
Fox Lane North,
Chertsey, Surrey

The case for Pay-TV

From Dr T. Barwise and
Professor A. Ehrenberg

Sir,—Samuel Brittan's "The clear-cut case for Pay-TV" (August 6) shows a committed free-market economist once again looking at the world through his fundamentalist eyes and to hell with any facts. Charles Jonscher, in his recent report on subscription television for the Home Office, said that if we want more or better choice on our broadcast channels, some over-air Pay-TV would help. But Jonscher's specific research of this particular market showed that it would be more efficient just to increase the licence fee, which would also give the benefit to all consumers at no extra cost. Brittan tells us to by-pass this market-

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based argument since the present indexed licence fee—Brittan's invention—is a "political fact." But in this country we do not yet accept political facts, we debate them.

Brittan's dogma, received from Peter Jay, is that we should pay for each broadcast just as we do for books and newspapers. For books, this simply ignores that we can already buy videos in much the same way—often at the same outlets. How we pay for newspapers does differ from broadcast TV. But is it better? The average household hands over some 20p a day for its choice of newspapers. Would it not be wonderful if for a lower all-in payment any household members could have any newspaper(s) they wanted each day? That is the current set-up for television which Brittan wants changed.

(Dr) T. P. Barwise,
(Professor) A. S. C. Ehrenberg,
London Business School,
Sussex Place, NW1.

FINANCIAL TIMES
Wednesday August 12 1987

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Laura Raun sees an end in sight to six long years of court argument in The Hague

US and Iran fight claims on legal battlefield

Trapped in the middle: claims date from 1980-81 when American hostages were caught in the tug-of-wills between President Jimmy Carter and the Ayatollah Khomeini.

AS IRAN grows more diplomatically isolated and disdainful of world opinion, it nonetheless remains strikingly committed to a bilateral forum with one of its most hated enemies.

The Iran-US tribunal, established in 1981 at the end of the American hostage crisis, has slogged through years of protracted hearings. At last, there may be light at the end of the tunnel.

The tribunal in The Hague was created under the Algiers Accord which ended the 15-month imprisonment of 52 US embassy staff members during the presidency of Jimmy Carter.They were held by militant Iranians swept up in the fervour of the Khomeini revolution.

Washington broke diplomatic relations with Tehran in 1980 and the claims tribunal is now the only bilateral link between the two countries. It has the task of arbitrating 4,000 legal claims amounting to at least $15bn arising from the Iranian revolution.

This is by no means the whole financial story between Iran and the West. Iran also has between 3,000 and 4,000 financial disputes with France, the UK and other countries on an ad hoc basis outside a formal forum such as the tribunal.

Nestled in a tree-lined neighbourhood of the Netherlands' sleepy capital, the tribunal has been plagued by physical beatings, verbal tirades and deliberate delays - disposing of less than a quarter of its list in six years. The four-storey, red-brick mansion is said to be fitted with some of the tightest security devices of any building in the country, featuring bullet-proof windows behind charming begonia flowerboxes and a maze of automatically locking doors inside.

But despite hostility and cultural clashes the nine-judge tribunal has plodded on, dealing one by one with the corporate, private and governmental claims. Three chambers, each with three judges - one Iranian, one American and one neutral - hear the disputes.

Only 900 cases have been disposed of so far, with more than $872m awarded to US interests, primarily companies. Iran has received more than $514m, most of which was frozen Iranian funds in New York that were returned by the US last May. The return of Iranian funds was the biggest decision yet although the largest commercial award was $115m which went last month to Sedco, an oil drilling company which formerly belonged to the Texas governor.

The majority of the claims, 3,600, are against Iran and the Iranians have long argued that they need more time to deal with the immense caseload. A revolutionary government, scars from the US economic sanctions, limited funds and the war with Iraq have meant that lawyers in Tehran sometimes must write their legal briefs in longhand by candlelight, according to Iranian representatives in The Hague.

Mr Mohammad K. Eshragh, who heads the Iranian delegation to the tribunal, minces no words. "The tribunal is not a just forum. Under American pressure, justice has been sacrificed for speed."

An articulate lawyer from the Iranian Embassy in The Hague, Mr Eshragh complains that the US judges, often with the support of the neutral ones, have persistently rushed the proceedings. Moreover, he asserts that many of the claims are "baseless" and a waste of time, notably those alleging wrongful expulsion from Iran and "fraudulent" dual nationality.

Cultural differences are a fundamental problem, he laments. "It's a revolutionary culture versus a Western culture," he says, noting that the neutral judges have always been Europeans who share more common cultural heritage with the Americans than with the Iranians.

In 1984 this antipathy overflowed and one Iranian, judge, some say two, roughed up a 69-year-old Swedish judge who was accused of consistently siding with the Americans. In the early days of the tribunal, screaming matches during hearings were fairly routine although more decorum now prevails.

Most of the 2,800 remaining small claims (involving less than $250,000) could be dispensed with in short order, the Americans contend, adding that together they are worth less than some individual big claims. The tribunal itself costs $6m a year to run, with judges being paid around $160,000.

"We're in a climactic phase," observes one American judge. He points to the $115m Sedco ruling two weeks ago, which set a precedent for a group of much bigger oil expropriation cases still being heard. Last month, two interim judgments were rendered, one in a $1bn claim by a US oil consortium, the other a $30m claim by Amoco, the fifth largest American oil company.

A significant ruling in Iran's favour also was delivered last week, a decision that rejected an American's argument that he had been wrongfully expelled from Iran and was due compensation. The judgment could set a precedent for the thousands of other expulsion cases still pending.

In the autumn, arguments will be heard in the largest case of all - an $11bn claim by Iran over US military equipment bought during the Shah's regime that was either shoddy or never received. Cynics say it is this huge claim for hundreds of helicopters and submarines that has kept Iran at the arbitration table.

The American judge, who plans to leave at the end of this year, estimates that by then most of the big, intellectually stimulating cases will have been heard and the tribunal could start wrapping up business. He agrees with a colleague who predicts that the tribunal could end by 1989.

But Mr Eshragh fumes at suggestions by the Americans that the tribunal could begin to wind up after the current batch of big, commercial cases is finished. "No, we can't start winding down," he insists. "We must carefully examine every case.

After six years of forcing the Iranians and Americans together, however, the tribunal seems to offer little hope of promoting a restoration of diplomatic relations between Tehran and Washington. High tension in the Gulf, embarrassment over the Iran-contras scandal and the latest diplomatic rows with France and Britain bode ill for early progress.

"You can't rub up against each other for years without some of the rough edges wearing off," observes one participator. "But there is little chance of restoration until Khomeini dies and the succession is established."

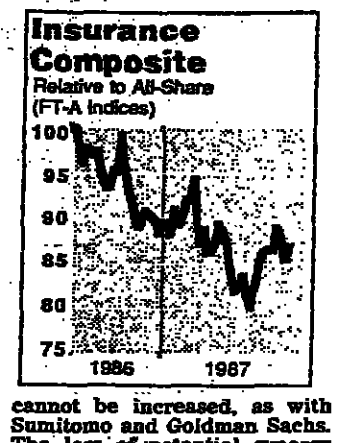
THE LEX COLUMN

Riding the cycle

Perhaps it was lure of the grouse moor today that persuaded General Accident to announce its interim results yesterday, rather than slipping in behind this morning's Commercial Union figures as usual. Or maybe the figures were just so good - pre-tax profits more than doubling to £102.8m - that GA could not bear to share the limelight. Whatever the reasoning, news that at least some parts of the composite insurers' business are underwriting risks profitably once more was a heartening start to the results season. GA's second quarter profits in the UK property lines ought to mean good results from Sun Alliance, while the success on the US property account could be significant for Royal.

If it is springtime for insurers, though, insurance analysts, who seem more far sighted than the rest of the market, are ready to discount next winter. A hint from GA that the pace of improvement must slow was hardly needed by a sector which has performed poorly against the market over the last year. GA's shares, with the other composites', slipped back after the initial enthusiasm to gain a net 21p on the day, closing at 1025p.

Yet there are grounds for hoping that the next underwriting crunch will not be as severe as the last and the sector can expect above average dividend growth for a couple more years meanwhile. And should the stock market turn to more defensive qualities, GA's solvency ratio at 100 per cent is decidedly solid.



Lloyds

After its scrupulous avoidance of the pre-Big Bang broker auction it is a bit of a surprise to see Lloyds Bank burying £43m in a quarter share of Weiss, Peck & Greer, the New York investment management, venture capital and buy-out specialist. Such a sum could have paid for a tidy chunk of a top notch London stockbroker instead of (largely) disappearing into the pockets of the Weiss partners.

Whether or not this amounts to a change in strategy depends in part on the speed of change in US banking regulation. Because of Weiss's activities in venture capital and mutual funds, the Bank Holding Companies Act (and Glass-Steagall) dictates that the 24.9 per cent stake must remain passive and cannot be increased, as with Sumitomo and Goldman Sachs. The loss of potential synergy may not be that worrying but the prospect of an indefinite "hands-off" stake in a US financial institution may remind twitchy investors of Crocker.

The relative size of the deal and the limited downside makes such a comparison invidious. But if the investment is, in part, a bet on the commercial banking restrictions being swept away - which would permit the Lloyds stake to rise to 49.9 per cent - then Congress might ensure a long wait for effective control. The demise of Glass-Steagall would, of course, push up the value of the stake but fortunately Lloyds can live without such a happy ending. For one thing it could spin off the awkward parts of Weiss and just hang on to the investment management division. More important, although the Weiss stake has not come cheap it is projected to provide a percentage return comfortably in double figures.

Hawley Group

The apparent decision by the Hawley Group to sell off its Henlys associate in Canada deserves a cautious welcome. If there has been a case for seeing Hawley as a sensible company obscured by Mr Michael Ashcroft's passion for complexity, Henlys - the former Midepsa - has always been the obstacle.

The set-up always had an apparent logic, whereby unwanted bits of the business could be passed on at hefty prices to another entity - controlled but not consolidated - which would then pay generous interest on the purchase price. But besides its opacity to investors, the arrangement is also a particularly overblown case of off-balance sheet financing. Hawley gives the appearance of being ungeared, while Henleys' shareholders' funds of just C$28m - offset by goodwill of C$537m - are swamped by debt of around C$1.5bn, part of it to Hawley.

The decision to sell all or part of Henlys - rather than go in for some tricky equity refinancing, as previously proposed - will finally raise cash for the bits of the business which do not fit with the main Hawley strategy. Although this is what any normal company would have done in the first place, it cannot yet be assumed that Hawley has reformed. The attempt to become a simple company has been made before, and complexity has crept in again. But at 174p - up 7p yesterday - the shares are on a historic p/e of only 13, and if the dividend is doubled this year as forecast, the yield will be 4.5 per cent.

Trade figures

When they came, the balance of payments figures were nothing to panic over. However, the markets' relief (equities, gilt-edged and sterling all rose) was not generated by the actual trade number. It was more a greater readiness to accept the authorities' stated motive - concern about inflation - for raising interest rates last week.

Even so, a deficit of £168m is hardly good news. Within the detailed numbers, there are signs of some rather disturbing trends. The volume figures show second quarter exports down 3 per cent and imports up 5½ per cent compared to the first quarter, despite the CBI survey's optimism on exports. Imports of consumer goods are still running strongly ahead of capital goods. The latter might be expected to catch up as industry's plans to increase investment work through to orders.

Meanwhile, the markets have many more statistics to wrestle with, the most important being next week's money supply figures. As M0, one of the authorities' favourite aggregates, is relatively easy to forecast, estimates of an annualised growth rate of perhaps 5¼ per cent are probably near the mark. And that would be a number that the markets and the authorities could agree to worry over.

Peru dilutes proposal to nationalise companies

By Barbara Durr in Lima

THE PERUVIAN Congress has watered down President Alan Garcia's legislation for nationalisation of the financial system to allow for a proportion of private ownership.

The compromise legislation is a response to the strong opposition which has followed the announcement of the President's proposals two weeks ago.

The legislation now under debate in the congress would allow between 15 and 25 per cent of the shares of the 33 nationalised banks, finance companies and insurance companies to be held privately.

Private shareholding would be limited to 15 per cent in the 31 larger Lima-based banks and companies, and to 25 per cent in the two regional banks that are to be nationalised.

Private shareholding will be limited per individual or family to 25 Peruvian tax units, each worth currently 14,100 intis ($381 at the officially set dollar exchange rate).

The new legislation is the work of the ruling American Popular Revolutionary Alliance (APRA). It holds a majority in the key House of Deputies' committees on the economy, banking and insurance, and the constitution, which jointly redrafted the bill.

The right-wing parties walked out of the drafting committees' sessions and claimed that the new version of the bill was being directed from the presidential palace. The left-wing parties participated in the redrafting, winning the concession that a worker representative be elected to the board of directors in each of the institutions.

President Garcia says that he is determined to move the legislation through congress quickly. Given APRA majorities in both houses, the bill is expected to be approved in record time.

The private owners and directors of the 33 institutions remain in charge of their banks and companies following the suspension last week of the temporary takeovers.

Bank issues new guidelines on loans to developing countries

BY ALEXANDER NICOLL, EUROMARKETS EDITOR, IN LONDON

THE BANK of England has issued guidelines to British banks on the provisions they might be expected to make for loans to troubled developing country debtors.

The move follows the decision of many US and UK banks to make large increases in their loan loss reserves after an escalation in the five-year-old debt crisis this year. The Bank has, however, been concerned for some time about the general level of provisioning.

Officials emphasised that the guidelines are voluntary and will simply provide a basis for discussion with individual banks as part of the Bank's regular prudential supervision.

Nevertheless, the new framework seems bound to increase pressure on banks which have not yet done so to set aside provisions which could in some cases necessitate moves to shore up their capital. All four British clearing (retail) banks have already announced substantial provisions.

The trend towards higher provisions was started in May by Citicorp, the largest bank lender to developing countries, after difficulties in arranging a rescue package for Mexico and after Brazil, the largest Third World debtor, had stopped paying interest on $68bn of debt to banks.

British commercial bankers said yesterday that they welcomed the Bank's initiative as providing a valuable yardstick, although some had quibbles about its practice.

The Bank, like some of the major lending banks, has devised a check-list against which banks can "score" the economic and repayments performance of countries to which they have loan exposure.

It will not itself score the debtor countries, but will ask banks to rate them according to the criteria it has set. The higher the score of negative factors, the higher the provision which the lending bank will be expected to take.

Countries which have suspended debt repayments or have built up long-standing arrears to their creditors will score highest. Adding to their score will be failure to meet economic ratios affecting the prospects for debt service, such as the ratio of interest payments to export earnings, and of foreign exchange reserves to projected imports.

The Bank also takes into account the secondary market price of a country's debt - although it assigns it a fairly low weighting in its scoring system.

Six minesweepers sent to Gulf

Continued from Page 1

ate ceasefire. Mr Javier Perez de Cuellar, the UN Secretary-General, was due to report back after receiving a formal reply from Iran. This was expected to say that Tehran saw some positive points in the resolution but could not accept it as a whole.

As a result, the US and Britain were expected to press for the drafting of a second resolution calling for a mandatory arms embargo against Iran. It was not clear whether this would be extended to cover Iraq following Baghdad's resumption of bombing raids on Iranian economic targets on Monday. Both the Soviet Union and China are known to have reservations about an arms embargo, at least at this stage.

Meanwhile, the US Defence Department in Washington announced the safe arrival in Kuwait of three reflagged Kuwaiti tankers and their US Navy escorts after skirting a mine in the Gulf. Shipping sources said four US warships turned over the tankers to the Kuwaiti Navy at the edge of the emirate's territorial waters after a 550-mile trip delayed by about 36 hours by the discovery of a mine.

In another development, US officials disclosed in Washington that a US F-14 fighter had fired at least one missile at an Iranian aircraft which appeared to be threatening it close to the Strait of Hormuz last Saturday. The plane veered away and the missile apparently missed it. This was the first known hostile firing of a missile by US forces in the Gulf since Washington began its escort mission for reflagged Kuwaiti tankers last month.

Our parliamentary staff writes: The decision to send minesweepers to the Gulf came under strong attack from the Labour Party which sees it as a covert way of entering into joint operations with the US fleet in the area.

Mr Donald Anderson, one of Labour's foreign affairs spokesmen described it as a "giant step" towards joint operations with the Americans and said that Mrs Thatcher had clearly given in to US pressure behind the scenes.

But Dr David Owen, former SDP Leader and former Labour Foreign Secretary, described it as "an eminently sensible move." With mines fairly widespread, he said, the British naval ships should have the protection of their own minesweepers.

He added, however, that Britain should be very wary of deploying the sweepers outside the Armilla patrol or in defence of other countries' ships. That should only be done as part of a multi-national minesweeping fleet, preferably with the involvement of the Soviet Union.

Labour was seeing the decision as a "U turn" on part of Mrs Thatcher following her earlier refusal to meet President Reagan's request for the despatch of British minesweepers to the area. It was felt that the sudden annoucement of the change of policy was deliberately timed yesterday when most leading Opposition politicians had departed for holidays abroad.

But this interpretation was being strong denied by sources close to the Prime Minister. It was maintained that no further request for assistance had been received from the Americans.

The decision was purely a British one and had been taken because of the increased number of mines in and around the Gulf over the past few days. The minesweepers would be used only to protect the Royal Navy ships of the Armilla patrol and the vessels they were escorting. However, it was conceded that this would have a "spin off" benefit for the American flag vessels in the gulf. It was also being emphasised that when the original US request for minesweepers was rejected the Government had made it clear that it would keep the situation under constant review.

Hawley to break up Canadian interests

By Nikki Tait in London

HAWLEY GROUP, the Bermuda-registered international services company, is planning a major break-up of its Canadian-held interests, aimed at realising at least £330m ($528m).

Henlys, the Canadian quoted company in which Hawley holds 48 per cent of equity directly as well as convertible shares, said yesterday that it had retained Shearson Lehman, the US investment house, to advise on "various alternatives to maximise shareholder values."

Henlys said that it was seeking to sell or spin off "some or a combination of its business interests." The company added that it was too early to elaborate on the size of the disposals, but the intention was to raise at least enough to repay some C$675m ($528m) worth of loan notes due to Hawley and to reduce other debt. Some disposals are thought to be imminent.

Henlys' origins go back to 1983, when Hawley acquired a 72.5 per cent interest in Midepsa, a dormant exploration company which was quoted in Montreal.

During 1984, it bought Hawley's interests in Cope Allman, the UK-based packaging, engineering and amusement machine group and Pineapple Dance Studios and Miss World - the last two of which were subsequently sold.

In January this year, Hawley announced that it was making another major £255m transfer of interests to Henlys - "in order to simplify its business activities".

This time, the interests included the home improvements division of Hawley, comprising a 93 per cent interest in Kean & Scott; the Insight travel services group; Spring Grove,a towel supplier and workwear rental company; a 28 per cent stake in a waste management and quarrying business, Attwoods; 20 per cent of Nu-Swift and 10 per cent of Hawley itself.

In return, Hawley received loan notes, and announced that Henlys would carry out a refinancing in order to repay Hawley - leaving it with a substantial net cash balance by the end of 1987. The refinancing has now been abandoned in favour of the spin-off plan.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	27	81	Dubrovnik	S	29	84	Malta	S	37	99	Rhodes	S	34	93
Algiers	S	35	95	Edinburgh	C	15	59	Manchester	R	14	57	Rio de J'o	S	23	73
Amsterdam	S	19	66	Faro	S	28	82	Manila	S	34	93	Rome	S	28	82
Athens	S	31	88	Florence	F	30	86	Melbourne	S	11	52	Salzburg	F	19	66
Bahrain	S	40	104	Frankfurt	F	21	70	Mexico City	S	27	81	San Francisco	C	21	70
Bangkok	S	33	91	Funchal	F	24	75	Miami	R	34	93	Seoul	F	28	82
Barcelona	S	26	79	Geneva	F	23	73	Milan	F	25	77	Singapore	F	30	86
Beirut	-	-	-	Gibraltar	C	23	73	Montreal	R	23	73	Stockholm	C	15	59
Belfast	R	17	63	Glasgow	C	15	59	Moscow	C	18	64	Strasbourg	S	22	72
Belgrade	S	24	75	Guernsey	C	16	61	Munich	F	18	64	Sydney	C	16	61
Berlin	C	16	61	Helsinki	S	16	61	Nairobi	C	19	66	Taipei	C	35	95
Biarritz	S	26	79	H. Kong	F	30	86	Naples	S	31	88	Tangier	C	23	73
Bombay	C	26	79	Innsbruck	S	22	72	Nassau	R	33	91	Tel Aviv	S	33	91
Bordeaux	S	25	77	Inverness	F	14	57	New Delhi	S	38	100	Tenerife	F	26	79
Brussels	S	20	68	Islamabad	S	42	108	New York	R	28	82	Tokyo	R	26	79
Budapest	F	21	70	Istanbul	S	26	79	Nice	S	26	79	Toronto	R	19	66
B. Aires	C	10	50	Jakarta	S	34	93	Nicosia	S	39	102	Tunis	S	39	102
Cairo	S	35	95	Jersey	C	18	64	Oporto	S	23	73	Valencia	F	29	84
Cape Town	F	16	61	Jo'burg	S	22	72	Oslo	C	15	59	Venice	F	26	79
Caracas	C	28	82	Lima	-	-	-	Paris	F	22	72	Vienna	F	20	68
Casablanca	F	25	77	Lisbon	S	29	84	Peking	S	29	84	Warsaw	F	14	57
Chicago	S	27	81	London	F	18	64	Prague	F	17	63	Washington	F	26	79
Cologne	S	20	68	Los Angeles	C	30	86	Reykjavik	C	13	55	Zurich	F	21	70
Copenhagen	F	15	59	Luxembourg	F	21	70								
Corfu	S	34	93	Madrid	S	32	90								
Dallas	S	26	79	Majorca	S	34	93								
Dublin	C	17	63	Malaga	S	30	86								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain
S-Sun Sl-Sleet Sn-Snow T-Thunder

UK bank in Wall St stake

Continued from Page 1

Mr Nigel Hurst-Brown, Lloyds managing director.

In New York, Mr Stephen Weiss, the managing partner, said the deal would bring his firm a partner of worldwide standing,and additional capital to build up its venture capital and leveraged buy-out business.

Existing partners would also receive payment, but would have to stay on several years

Weiss, Peck & Greer, a 17-year-old partnership, is principally an investment management firm with control of $5bn of institutional and private client funds.

The deal has had to be carefully structured to conform with US regulations, but has received approval from the Federal Reserve Board, the US central bank. It is to be paid for in cash through Lloyds' merchant banking arm.

The deal is sensitive in regulatory terms because US banks are not permitted to deal in corporate securities or distribute their own mutual funds, both areas where Weiss, Peck & Greer is active. Lloyds has, therefore, had to give an undertaking to the Fed that its investment will be passive.

S Africa drops colour ban law

Continued from Page 1

ed by Anglo American, the largest of the mining houses and the one hardest-hit by the strike. It has reported cases of intimidation at some of its mines, saying that shaft stewards have prevented men who want to work from leaving the hostels. The NUM counters this by saying that the employers are trying to crush the strike by force.

Before the strike started there were fears that the government might intervene to end it.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday August 12 1987

Citicorp abandons bid to market Choice credit card

BY JAMES BUCHAN IN NEW YORK

CITICORP, the largest US banking group, is abandoning a 10-year effort to market an independent credit card and will convert its Choice card to Visa, a system owned by member banks.

The decision by Citicorp effectively to abandon Choice, which has about 1.5m customers in selected areas of the US, confirms that competition is heating up in the 150m-strong US credit card market with the advent of new credit cards from heavyweight non-banks such as American Express and Sears Roebuck.

Citicorp, which is the largest bank issuer of cards with some 10m accounts, said that from September 1 it would switch Choice to the Visa system because customers wanted "immediate acceptability, both nationally and internationally."

Analysts believe that Citicorp, which launched Choice to bypass the fees banks have to pay to the Visa and Mastercard systems, failed to garner enough customers and retailers to cover the high costs of operating the card.

"There's all this infrastructure to support your own card," said Mr John Pollock, editor of Bank Credit Card Observer, an industry newsletter based in New Jersey. Mr Pollock said that, despite its "muscle, reach and bank credit card market share," Citicorp lacked the national customer base which American Express and Sears are tapping.

American Express, which started offering its Optima credit card to customers of its famous charge card in the spring, "already has a national constituency with its charge card. Optima has a better run at success." American Express infuriated the banking industry by announcing an interest rate of 13.5 per cent on Optima, as against 21 per cent on Choice and a bank credit card average estimated by Mr Pollock at 17.3 per cent.

Despite losing nearly $40m a quarter on the project, Sears has gathered 15m customers for its Discover card in its 18 months of existence.

Quaker Oats rises 11.4% to $185m

By Our Financial Staff

QUAKER OATS, the Chicago-based foods group, yesterday announced an 11.4 per cent growth in annual net earnings to $185.7m and a further disposal among the Anderson Clayton businesses acquired last autumn.

It has sold Igloo Products, a Houston manufacturer of consumer and industrial ice chests and beverage coolers, to an investor group including First Boston affiliates and Igloo senior management. Although terms were not disclosed, Quaker said Igloo had sales of about $110m.

The sale includes Impact Extrusions, a producer of thermoplastic sheet used in the recreational vehicle, spa, pool and speciality plastic industries.

Quaker bought Anderson Clayton for $812m last September. This June it made a $235m foods disposal to Kraft and aims to sell all these businesses except Gaines Pet Foods.

The latest year's results included an after-tax charge of 14 cents a share, taken in the second quarter, for the closing of a pet foods manufacturing plant in connection with the acquisition of Gaines.

Annual operating earnings were $2.36 a share, up from $2.08. Sales rose to $4.42bn from $3.45bn. For the fourth quarter alone, profits were $71.7m compared with $70.4m, equivalent to 90 cents a share on each occasion. This came on revenues of $1.26bn against $969.6m

Quaker said it benefited from improved results in Europe, particularly better margins in the Cuore corn oil business in Italy and increased unit volumes in German pet foods.

Its Fisher-Price toy lines were also showing "very strong" orders with a good retail response to new products.

Wal-Mart posts sharp 40% surge in earnings

BY RODERICK ORAM IN NEW YORK

WAL-MART STORES, the southern group poised to overtake J. C. Penney to become the third-largest US retailer, has reported a better-than-expected 40 per cent rise in profits on a 35 per cent surge in sales for the second quarter.

Net profits for the three months ended July 31 rose to $134.1m or 24 cents a share, after a two-for-one stock split on July 10, from $95.9m, or 17 cents, a year earlier. First-half net was $244.5m, or 43 cents, up 44 per cent from $169.3m, or 30 cents.

Sales grew to $3.73bn in the second quarter from $2.77bn a year earlier, lifting first-half sales 44 per cent to $6.94bn from $5.11bn.

The spectacular growth of the discount retailer has made Mr Sam Walton, its founder, the wealthiest man in the US, according to Forbes magazine. Wal-Mart is headquartered in Bentonville, a town of 10,000 people in north-west Arkansas, five miles away from the site of the first Wal-Mart store Mr Walton opened 25 years ago.

Commenting on the latest results, Mr Walton, chairman, said: "We are pleased with the consistent customer reaction to our merchandise values, resulting in above-budget sales and earnings."

At quarter-end, the group totalled 1,050 Wal-Mart stores, up from 915 a year earlier, 73 Sam's Wholesale clubs (37) and 10 dot Discount Drug stores (four). The new stores added more than 4m square feet of retailing space. Virtually all the stores are in a 24-state area within 500 miles of Bentonville.

Meanwhile, The Limited, the largest US retailers specialising in women's clothes, reported a 42 per cent increase in net profits in the second quarter ended August 1 to $57.2m, or 30 cents a share, from $40.2m, or 22 cents, a year earlier.

First-half net rose 43 per cent to $102.6m, or 54 cents, from $71.6m, or 39 cents. Second-quarter sales were up 18 per cent at $822.1m against $695.2m and up 20 per cent in the first half to $1.63bn from $1.36bn.

The Columbus, Ohio, based group which has 2,857 stores nationwide, said a major contribution to the latest performance had come from Limited Express, a 309-store division started in 1982 which is planning to expand from women's into men's fashions.

Mellon to cut back workforce by 10%

By Our New York Staff

MELLON BANK, the celebrated Pittsburgh banking group which has been tarnished by heavy loan losses, is to reduce its 19,000-strong workforce by some 10 per cent in a bid by new management to reorganise the troubled group.

Mr Frank Cahouet, who was appointed as chief executive of the century-old bank in June, said in a newspaper interview that Mellon would cut its workforce by between 1,800 and 2,000.

Mellon, which has suffered heavy losses in the last six months, last month announced a six-month salary and hiring freeze.

Mr Cahouet, a tough banking executive credited with turning round Crocker National of San Francisco on behalf of the UK's Midland Bank, also said that he expected Mellon to make a profit in its third quarter to September.

In the June quarter, Mellon lost $500m after setting aside $415m in reserves against its book of problem international and domestic loans. A $60m loss in the first quarter led to the ousting of Mr David Barnes as chief executive.

Principal Group files for bankruptcy

By Our Montreal Correspondent

PRINCIPAL Group Limited, an Alberta-based financial service company with assets of C$1bn (US$757m) has filed for bankruptcy after the collapse of two subsidiaries last June.

The Alberta government froze the assets of First Investment Corporation and Associated Investors of Canada on June 30 because it doubted that they could make full payment to about 67,000 smaller investors in western Canada who held nearly C$500m of uninsured investment contracts. The investors may lose C$60m.

Another subsidiary, Principal Savings and Trust Company, has lost nearly 10 per cent of its depositors since June. The Principal Group looked for a merger with a large corporation.

The trust company deposits are insured up to the legal C$60,000 limit per account.

Intel-AMD licence dispute escalates

BY LOUISE KEHOE IN SAN FRANCISCO

A BITTER dispute between Silicon Valley neighbours Intel and Advanced Micro Devices over microprocessor licensing has escalated, with Intel now seeking revocation of AMD's rights to manufacture some of Intel's most widely used microprocessors.

The dispute stems from a 1982, 10-year second sourcing pact whereby the companies agreed to swop manufacturing licences on a wide range of current and future products. The agreement appeared to work well until last year when Intel introduced a 32-bit microprocessor, called the 386.

According to AMD, Intel has refused to provide technical details of the 386 in accordance with their agreement. Intel says AMD has been unable to come up with products of equivalent value in exchange for the 386.

The dispute was taken to closed arbitration in April when Intel terminated the agreement. AMD responded with a claim for $1bn in punitive damages.

In the latest move, Intel is seeking to cancel previous licensing agreements with AMD for the widely used 286 microprocessor, a 16-bit chip used in many personal computers including several IBM models; the 186, an 8-bit microprocessor; and the 8051, a widely used microcontroller.

Losing the rights to make the Intel-designed chips would be a blow for AMD. The Intel-designed microprocessors represent a significant portion of AMD's business, and without them AMD might also lose sales of associated chips used by personal computer makers.

In a competitive move this week, AMD introduced a new version of the 286 microprocessor which, it claims, rivals Intel's 386.

Alberto-Culver raises bid for Lamaur to $22

By Our Financial Staff

ALBERTO-CULVER, the Illinois personal care products group whose brands include VO5 shampoo, has raised its cash bid for Lamaur from $22 a share to $24, valuing its smaller, Minnesota-based rival at $144m.

Lamaur's stock was trading at $24¼, up $1¼, following the revised bid.

Alberto-Culver said in a statement that it hoped to receive a favourable response to its revised bid by the end of the week. On July 31 Lamaur said it would act on the initial Alberto-Culver offer within two weeks.

Alberto-Culver already owns about 400,000 shares, or 7 per cent of Lamaur's 6m common shares outstanding.

Industry analysts believe Lamaur is considering a leveraged buyout, but Alberto-Culver would not comment on whether this possibility spurred the revised bid.

Profits jump to C$152m at Canadian Pacific

BY ROBERT GIBBENS IN MONTREAL

BETTER RESULTS from rail and truck operations and from pulp and paper and steel subsidiaries have brought a sharp turnround in second-quarter and first-half results of Canadian Pacific, the Montreal-based transportation and energy resources group.

On an operating basis, CP reported net profits in the second quarter of C$152.4m (US$114.6m), or 51 cents a share, up from C$43.7m, or 15 cents, a year earlier. Revenues were C$3.1bn against C$3.9bn, mainly due to the sale of Cominco, the group's mining and metals arm.

At the six-month stage, CP's net operating profit amounted to C$277.8m, or 93 cents a share, up from C$7.1m, or 3 cents, for the same period last year, on revenues of C$5.9bn against C$7.5bn.

The period excluded a gain of C$193m on the sale of Canadian Pacific Airlines, against special charges totalling C$362m in the corresponding 1986 period.

CP said favourable factors this year were higher rail freight volumes, including peak shipments of grain, gains in efficiency, lower fuel prices and better results from CP Ships and CP Trucks. PanCanadian Petroleum earnings were lower.

CIP Inc swung back from loss with a C$44m profit in the first half, and Great Lakes Forest Products earnings also showed a major upswing. Algoma Steel returned to profitability, but AMCA, the US-based steel products groups, continued in loss.

● Air Canada, the national airline, continued its recovery in the second quarter with net earnings of C$42.3m, up from C$6.9m a year earlier. In the first half of 1987 the airline posted a profit of C$58.6m, against a loss of C$29.4m a year earlier.

Ryobi in bid for Inertia Dynamics

By Our Financial Staff

RYOBI, Japan's largest maker of die castings, has moved to expand its US presence with a bid for Inertia Dynamics, an Arizona maker of powered gardening tools.

Inertia Dynamics, which claims second place in the US market for petrol-driven grass trimmers, is valued under the offer at some $68.9m. It went public three-and-a-half years ago and had sales in the year to last August of $40.1m, on which it made net profits of $2.9m.

The company is already one-third owned by Ryobi.

Alexander Nicoll on the official guide to LDC lending provisions

Relaxed approach from the Bank

THE BIG four British clearing banks, which have recently made large provisions against developing country loans, are likely to have little problem with the thrust of guidelines on provisioning newly circulated by the Bank of England.

The four have set aside a total of £3bn this year, increasing their provisions to between 25 and 30 per cent of their loans to countries with repayment difficulties.

Rough estimates based on the Bank of England matrix suggest that these provisions would be adequate to meet the guidelines—indeed, bankers whose provisions are at the higher end of the range say that they are also at the higher end of provisioning bands suggested by the Bank.

In line with the Bank's concept, the clearers have based their decisions on assessments of individual countries—National Westminter, for example, said its provisions ranged from 1½ per cent to 100 per cent.

However, other banks—and especially London-based consortium banks—could face tougher interviews the next time the Bank of England calls for its prudential chats. The Bank has circulated the guidelines to some 100 banks in the UK and has also sent copies to fellow supervisors in other countries.

The guidelines allow a considerable amount of leeway.

BANK OF ENGLAND MATRIX OF DEBT RECOVERABILITY

Factor	Score	Factor	Score
Moratorium in effect 0.3 mths	3	Import cover end 9186	
3-12 mths	6	below 4 mths	2
over 12mths	10	below 2 mths	4
Rescheduled since 1983	10	Debt/GDP ratio 1986 over	
Rescheduled twice or more	5	50%	2
In arreas to IMF/World Bank	10	over 75%	4
In areras on pricnipal to		Debt/exports 1986 over 300%	2
other creditors 0.3 mths	4	over 500%	4
over 3 mths	8	IMF targets unmet/	
In arreas on interest to		unwilling to go to IMF	3
other creditors 0-3 mths	4	Unfilled financing gap	2
over 3 mths	8	Secondary mkt price below 80	2
Interest/export ratio 1986		below 50	4
		Overdependence single export	2
over 15$\frac{1}{16}$	2	Other factors	0-5

They permit differences in assessment of debtor countries by individual banks. The Bank does not specify a timescale within which a bank would be expected to raise its loan loss reserves.

The framework operates like this: the matrix circulated by the Bank provides a checklist — seen in the accompanying table — against which each bank can rate the performance of countries to which it has lent. The negative criteria are cumulative: a country which failed to meet all of them would score the maximum 83.

The score, however, does not equate mechanically to the provision that the Bank would expect. Instead, the Bank sets out a series of bands within which provisions would be expected to be set for each score, and these would be subject to discussion with the Bank.

Bankers said the bands are as follows: a score of 10 to 24 would require provisioning of 5 per cent to 15 per cent; a score of 25 to 40 would translate into provisions of 16 per cent to 25 per cent; a 41 to 55 score converts to 26 per cent to 40 per cent provisioning; a 56 to 70 score would mean 41 per cent to 60 per cent provisions; and scores between 71 and the maximum 83 would have a broad range of provisioning ranging from 61 per cent to 100 per cent.

The Bank of England would not confirm that these were the bands it has suggested.

Though the criteria are open to interpretation, Latin American debtors such as Mexico, Argentina, Chile and Venezuela would probably score in the low 30s on the matrix. This means the Bank might expect provisions — very roughly — of 20 per cent. Brazil, which has declared a moratorium, would score around 50 and could require provisioning of over 30 per cent.

Bankers complained that the Bank does not take account of positive factors — for example, if a country is repaying principal or if it has a good debt/equity swap scheme.

Bankers have another concern: while the Bank of England might prefer provisions to be set at the higher end of its suggested ranges, the Inland Revenue might tend towards the lower end in deciding to what extent provisions are tax-deductible.

Officials said the Bank is concerned about loan quality for prudential reasons, while the Revenue must consider the likelihood of permanent irrecoverability of loans. The Revenue has said, however, that it will take use of the Bank of England matrix into account in its tax assessment of banks.

First-half earnings at Amro 20% ahead

BY LAURA RAUN IN AMSTERDAM

AMSTERDAM - ROTTERDAM Bank, the second largest bank in the Netherlands, lifted earnings by 20 per cent to Fl 218.3m ($106m) in the first half of 1987 following sharply lower loan-loss provisions.

The interim dividend was raised by 20 cents to Fl 2 a share and Amro said it expected both net income and per-share earnings for 1987 as a whole to show an increase.

A 20 per cent reduction in general contingency provisions to Fl 350m helped transform a decline in gross profits into a 7 per cent rise in pre-tax profits. Gross profits fell 9 per cent to Fl 656m as a result of lower income and higher costs.

Mr Roelof Nelissen, chairman of Amro, took great pains yesterday to explain why the bank had cut its bad-loan reserves at a time when UK and US banks were tending to dramatically raise such provisions. He noted that specific provisions for less developed countries with debt problems were increased further in the first half, even though overall reserves were trimmed.

"We do not exclude a further deterioration of the situation in a number of these countries," he admitted. "In the light of the levels of specific provisions made for these LDC debts made over past years and of the size of the provisions for general contingencies available to the bank we deem it justified to decrease the transfer to the provisions for general contingencies."

Dutch banks as a whole have far less exposure to Third World debt than their US and UK counterparts. The Dutch central bank recently revealed that "the volume of lending to countries with payment problems — now numbering over 30—came to no more than 22.5 per cent of own funds at the end of 1986."

Mr Nelissen admitted under repeated questioning that he was not entirely satisfied with the first half results but he hastened to add: "I look to the longer term," and noted that the comparable period of 1986 was an especially good one.

Total income slipped 2 per cent to Fl 1.87bn in the January-June period on lower revenue from securities commissions and trading, mostly in the first quarter. A rally on the Dutch stock market that began in June helped boost such income at the end of the second quarter.

Total costs climbed 3 per cent to Fl 1.22bn in the first half on increases in personnel costs, depreciation and investment. Amro's new headquarters building and accelerating investments in automation accounted for much of the rise.

The balance sheet total expanded by 2 per cent to Fl 141.77bn as of June 30 from Fl 139.06bn at the end of 1986 in spite of the depreciating dollar.

Amro is the first of the big Dutch banks to report its first-half results. Algemene Bank Nederland, the largest, will report on Friday.

Dah Sing to acquire rescued HK bank

By Kevin Hamlin in Hong Kong

HONGKONG Industrial and Commercial Bank (HICB), which has been run by the Government since the collapse and subsequent rescue of its parent, Overseas Trust Bank (OTB), will be sold to Dah Sing Bank, a small family-controlled financial concern, for HK$531m (US$68m).

HICB will be the first of three banks now run by the Government to be returned to the private sector. Its sale, announced in principle a month ago, is a clear indicator of the improved health of the local banking industry following four troubled years that have seen seven government-led bank rescues.

OTB collapsed in June 1985 amid allegations of widespread fraud, and was rescued by the Government at an estimated cost to taxpayers of HK$3bn. HICB's concomitant rescue cost more than HK$400m. Hang Lung Bank, which collapsed in 1983, is the other bank still being nursed back to health by the Government.

The sale of HICB, a 65 per cent held subsidiary of OTB, to Dah Sing places a HK$126m premium on the bank's net asset value of about HK$405m.

Dah Sing will make a general offer to HICB's minority shareholders of about HK$1.20 per ordinary share, based on an evaluation which excludes the HK$408m injected into the bank by a government-instigated rights issue of redeemable preference shares in 1985.

HICB's share capital will reorganised before trading resumes on the stock market, scheduled for August 13. HICB shareholders will also receive a small allotment of shares in Dah Sing Financial Holdings, a company recently formed to acquire Dah Sing Bank and HICB. This company will be quoted on the stock exchange after a 25 per cent stake has been placed with as yet unnamed parties.

Mr David Wong, who heads Dah Sing, was unavailable for comment yesterday, but a statement said: "The main benefit of the acquisition of HICB by Dah Sing Bank is that it will create a medium-size bank with a branch network established throughout Hong Kong, and with a strong balanced banking business. Geographically, HICB's branch network is complementary to Dah Sing Bank's, with only a very small overlap."

The statement added that directors of Dah Sing "believe that the established business strategy of Dah Sing Bank will enable the amalgamated group to provide an enhanced range of services to the clients of both banks."

It further said that Dah Sing, which now has 14 branches in Hong Kong and an overseas office in San Francisco, has plans to open new branches as opportunities arise. HICB has 23 branches in Hong Kong.

In the six months to December 1986, HICB recorded a net profit of HK$8.68m, compared with a HK$10.8m loss in the first half of 1985-86.

Statoil raises profits by 40% at six months

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, reports profits of NKr 4.3bn ($623m) for the first half of 1987, a 40 per cent increase over last year's earnings for the same period. Operating income for the six months was NKr 28.4bn.

Mr Willy Olsen, a Statoil official, said that the result, which is comparable to profits before year-end dispositions for the whole of 1986, arose mostly from the oil price recovery and because of additional production.

Downstream activities for marketing and refining made an operating profit of NKr 287m. Statoil's three distribution companies for oil products in Norway, Sweden and Denmark consolidated their market positions. The group has about 18 per cent of the Scandinavian market for refined products.

Statoil has about 1,600 petrol stations located throughout Norway, Sweden and Denmark. In 1986 it increased its share of the Danish distribution market when it acquired 400 petrol stations and one refinery from Dansk Esso. It currently holds about 20 per cent of that market.

Operating profit for the group's petrochemical operations in Norway, Sweden and West Germany was NKr 240m.

Mr Olsen said that Statoil expected increased profits for 1987 as a whole, although the uncertainty of oil price developments made it difficult to be specific about prospects. For 1986 the group made a net profit of NKr 1.1bn.

Higher coupon currencies the focus of attention

BY CLARE PEARSON

ATTENTION IN the Eurobond market yesterday focussed on the higher coupon currencies as two issues emerged in New Zealand dollars and Danish kroner, both aimed at attracting European retail investors.

Hambros Bank's NZ$50m issue for the Commonwealth Bank of Australia marked a reopening of the New Zealand dollar sector, which has not seen a new bond since July 8.

It was prompted by a rally in the domestic bond market, which had shaken off some of its nervousness overnight ahead of the New Zealand general election on August 15, as better-than-expected July food prices looked to boost the ruling Labour party's re-election chances.

Hambros said syndication of the Commonwealth Bank's three-year 17¼ per cent bond had been unusually easy for the NZ$ sector, and dealers expected the paper to meet good investor demand. It was quoted at less 1⅛ bid to its 101½ issue price, against 1½ per cent fees.

Dealers were less enthusiastic about Svenska Handelsbanken's DKr 350m bond, led by the bank's London arm. The five-year 10½ per cent issue, which comes with a tap of equivalent size which may be activated over the next two years, looked slightly tightly priced.

The bond, priced at 101⅛, was quoted at 100 bid, the level of its total fees.

Eurosterling bond dealers had a confusing day following the release of UK June trade figures. These had been awaited with apprehension following fears that last week's hike in UK interest rates had been designed to pre-empt some worse-than-expected data.

In fact, they showed the current account deficit narrowing to £168m compared with £527m in May, which was viewed as moderately encouraging but not sufficient to dispel nervousness while the market still awaits a batch of other economic statistics over the next week.

INTERNATIONAL BONDS

Eurosterling prices were marked down immediately after the release of yesterday's figures, but then recovered to end the day as much as ⅜ points higher in the 10-year area and ¼ points higher in the 20-year area.

Eurodollar bond prices barely moved in quiet turnover as the market awaited the outcome of the US Treasury auction of three-year notes, the first leg of its $28bn quarterly refunding programme.

In Switzerland, fixed-rate bonds traded quietly and prices ended unchanged.

As expected, Credit Suisse announced a SFr 100m 12-year bond for Enso Gutzeit, the wood processing company which is 68 per cent owned by the Finnish government. The issue incorporates a put option in the event of state ownership falling below 51 per cent.

The 5 per cent bond, priced at 99½, also has a purchase fund which will retire SFr annually between 1991 and 1998. The bond was thought reasonably priced.

Morgan Guaranty (Switzerland) announced a 5 per cent SFr 125m bond for Caisse Centrale de Cooperation Economique, the Triple A rated French state agency. The callable deal, which matures in May 2006, is priced at 100⅜.

Dealers said the bond should trade at around less 1½ bid. They expected it to be compared with a benchmark SFr 100m 5 per cent 20-year issue for Electricite de France, which traded yesterday at 100¼, against a 99⅜ issue price.

S. G. Warburg Soditic announced an SFr 100m issue for Swedish Export Credit. This comprises a series of five SFr 20m bonds.

In the D-Mark domestic bond market, prices ended about 40 basis points lower while Euro-DM bonds ended about ¼ point lower in extremely quiet trading. Today, the Bundesbank will announce a 28-day repurchase agreement at a fixed rate of 3.60 per cent.

Indian group in $150m financing

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

INDUSTRIAL Credit and Investment Corporation of India, a financial services group which provides funding to the Indian corporate sector, is arranging a complex $150m financing in the Euromarkets to enable it to prepay a World Bank loan.

The financing comprises a multi-option facility, a Eurocommercial paper programme and a series of currency swaps which will transform the floating rate funds into fixed rate borrowing matching the currency mix of the existing World Bank loan.

Chase Manhattan Asia, Samuel Montagu and Industrial Bank of Japan have been mandated to arrange the $150m multi-option facility which will have a seven-year term. Pricing is not yet finalised.

The facility, to go into syndication this week, will act as a standby for a $150m Eurocommercial paper programme also being arranged by Chase with four additional dealers

Despite the short-term nature of commercial paper, the borrowing is essentially of long-term funds, since ICICI is itself a provider of term funding.

The World Bank loan comprises a basket of dollars, yen, D-Marks and Swiss francs with an overall interest rate of 10.6 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 11

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93½	94	0	+0½	9.23
All Nippon Air 9⅝ 97	100	96⅞	97¼	0	+0½	9.84
A/S Eksportfinans 7⅜ 93	100	92	92½	−0⅛	+0½	9.20
A/S Eksportfinans 7¼ 92	150	92¼	93⅛	0	+0½	9.18
BP Capital 9¼ 94	100	100⅝	100⅞	+0⅛	−1	9.08
British Telecom 7⅝ 96	250	88¼	89⅛	+0⅛	+0½	9.50
Campbell Soup 10½ 95	100	105⅞	105⅞	0	+0⅛	9.49
Canada 9 96	1000	98⅝	98⅞	0	+0⅛	9.22
Canadian Pac. 10⅞ 95	100	104	104⅝	0	+0⅛	9.78
CCCE 7⅞ 91	113	93⅛	94¼	−0⅛	+0⅛	8.88
CNCA 7⅞ 91	150	93⅛	94¼	−0⅛	−0⅛	8.95
Citicorp 8⅞ 93	200	92¼	93⅛	0	+0⅞	9.42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Credit National 4⅝ 92	25	†96¼	96⅝	−0⅛	−0½	5.22
EIB 4⅝ 94	40	92½	92⅞	−0⅛	+0⅛	5.88
Elec. de France 5⅛ 94	20	95½	96	0	+0½	5.91
Kansai Electric 4⅝ 94	60	92⅞	93¼	−0⅛	+1⅛	5.98
Kingdom Belgium 4⅝ 94	45	92⅞	93¼	0	+0⅛	5.97
Norway 4⅞ 92	60	93⅞	94⅛	−0⅛	+0⅛	5.74
SNCF 4⅞ 93	20	95½	96	−0⅛	+0⅛	5.76
Sweden, Kingdom 5⅜ 95	20	97¼	98⅛	0	+0½	5.94

Average price change on day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Acquisitions boost interim results at BTR Nylex

BY CHRIS SHERWELL IN SYDNEY

BTR NYLEX, the Australian subsidiary of the British BTR group, yesterday reported strongly improved interim profit and sales figures thanks to its stream of recent acquisitions.

Giving its results for the six months to June, the Melbourne-based group reported after-tax profits of A$62.5m (US$43.7m), more than four times higher than the A$15m recorded a year earlier. At A$582m, sales also outstripped the 1986 figure of A$211m.

The group, which manufactures such industrial items as conveyor belts, gearboxes, hoses, hydraulic components and plastic and polymer products, said the increases were achieved in all its diverse market sectors except the Australian automotive market, where demand was flat.

Of the group's total profit before interest and tax of A$59.5m came from companies acquired since last July, the directors said. Of the total sales figure, A$336m was similarly derived.

Last November, BTR Nylex bought three Taiwanese plastics companies for A$165m, and in January acquired Malcolm Moore, another industrial equipment manufacturer.

In May, BTR Nylex finally won acceptance from Borg-Warner Australia's US parent for its A$202m takeover of the gearbox manufacturer, while last month the group purchased Repco Universal Drivelines, which makes driveshafts.

"Not only do these acquisitions substantially increase the size and future profitability of our group," BTR Nylex said yesterday, "but they also extend our technological engineering capability substantially."

First-half jump for Toa Nenryo

BY YOKO SHIBATA IN TOKYO

TOA NENRYO, the oil refining company in which Exxon and Mobil Oil each have 25 per cent stakes, reported a 61 per cent jump in pre-tax profits to a record Y91.48bn ($608.5m) for 1986, with net profits up 44 per cent to Y36.62bn.

The buoyant earnings, despite a 42.7 per cent fall in sales to Y576.79bn, were attributed to falling crude oil prices, windfall profits on foreign exchange resulting from the yen's rise and a large surplus on fund management.

Toa Nenryo will pay a final dividend of Y15 per share for a total of Y25, up Y5 from the previous year. The increase consists of a commemorative payment of Y2.5 to mark the expansion of its research institute and an extraordinary dividend of Y2.5.

The surplus on financial transactions expanded from the previous year's Y4.5bn to Y10.6bn. Foreign exchange profits rose from Y10.3bn to Y14.4bn.

For the current year, the company expects pre-tax profits to fall to around Y60bn-Y70bn, on sales of some Y570bn. It made the conservative forecast as the oil products markets is uncertain, crude oil prices are bouncing back and the current stability of the yen-dollar exchange rate is likely to produce few exchange profits for the company.

Toa Nenryo intends to maintain its regular dividend of Y20 for the current year, but has not yet decided on an extraordinary dividend.

Equiticorp offshoot buys US company

BY OUR FINANCIAL STAFF

FELTEX INTERNATIONAL, a 50 per cent-owned unit of Equiticorp Holdings, the New Zealand-based investment company, has reached agreement in principle to acquire Super Sky International of the US for $41m or $10 a share.

Super Sky designs, makes and installs architectural-glass roofing in North America, Europe and Asia. Its sales for the year to March totalled US$42m, Feltex said.

The transaction is subject to various approvals and to the completion of detailed agreements.

● NZI said its result for the first quarter to June 30 reflected strong performances by its NZI Insurance Group and NZI Banking Group units but warned that general insurance was seasonal and any one quarter's result was not necessarily indicative of the full year.

NZI turned in a first-quarter net profit of NZ$42.96m ($24.9m), against NZ$24.89m in the same quarter of 1986. NZI Banking Group has been registered as a New Zealand bank since the start of the first quarter.

Elders to expand in Swiss trust sector

By John Wicks in Zurich

ELDERS FINANCE GROUP of Melbourne intends to expand its operations in the Swiss investment trust sector. This follows the successful launch this year of its Neuchatel-based subsidiary Elders (Switzerland) Investment Management.

The Australian parent is itself owned by the Elders IXL concern, acting as a holding company for all its finance activities. According to group managing director Mr William Payne, Elders Finance currently has over A$2bn ($1.4bn) of funds under management

The Swiss subsidiary operates two open-end trusts, Elders International Investment Trust and Elders Australian Investment Trust. When these were formed at the start of this year, they were the first to be established in Switzerland by a foreign non-bank.

At present, the International Fund has assets of between SFr 16m and SFr 17m ($10.3m and $11.07m) and a total of 20 individual investors. The Australian Trust, six of whose eight corporate investors are Japanese insurance companies, has a portfolio of some A$27m.

Mr Bruce Campbell, managing director of the European-based Elders Investment Management, expects growth in Swiss business due both to higher investments by existing clients and a "dramatic expansion" of the client base.

The company, which is very satisfied with the performance of the two existing Swiss trusts, expects to set up more such units in Switzerland after having established a track record on the basis of "consistently superior long-term performance."

At the same time, it envisages expansion into other fields of the financial services sector in connection with portfolio management for corporate and private clients.

DBS group net profit up 59% despite higher tax

BY OUR FINANCIAL STAFF

DEVELOPMENT BANK of Singapore (DBS), the largest of the republic's four main bank holding groups, said group pre-tax profit in the first six months of 1987 jumped by 137.9 per cent to S$148.1m ($70m), from S$62.3m a year earlier. However, after taxes up by 540 per cent to S$65.2m, after-tax profit rose by the slower rate of 59.2 per cent, to S$82.9m.

DBS said additional transfers to its general reserve for possible loan losses and diminution in asset values were made in the period. The provisions are not tax-deductible, the bank said, accounting for its 46 per cent tax rate in the period, compared to the usual 33 per cent corporate tax rate.

At the bank alone, pre-tax profit rose by 95.5 per cent to S$97m, while after-tax profit climbed 21.4 per cent to S$52.5m.

After deducting S$10.2m for minority shareholders in subsidiaries, final profit attributable to DBS shareholders climbed by 47.6 per cent in the period to S$72.6m. Attributable profit at the bank alone rose by 21.4 per cent, to S$52.5m.

UK COMPANY NEWS

UK recovery helps GA to £103m

BY NICK BUNKER, INSURANCE CORRESPONDENT

General Accident, Britain's second biggest composite insurer, outstripped the City's forecasts yesterday with half-yearly pre-tax profits of £102.8m bolstered by a bigger than expected recovery in the UK.

Leading stockbrokers' analysts had been estimating that the pre-tax figure would be between £88m and £99m. In the first six months of 1986, GA made £49.4m pre-tax. The shares climbed £$\frac{1}{16}$ to close at £10¼.

In its biggest territory, the US, GA reported underwriting results a little worse than those of major property/casualty insurers, because of the impact of losses on its large private automobile account.

The main surprise lay, however, in a £21m second-quarter fall in underwriting losses in the UK, which accounted for 34 per cent of worldwide non-life premiums.

Mr Buchan Marshall, chief general manager, said "the pace of improvement should not be expected to be maintained for too long, particularly perhaps in the US."

Mr Jim Corcoran, US general manager, said premium rate-cutting was occurring on big commercial property and liability accounts controlled by US insurance brokers, partly because of easier availability of reinsurance.

Worldwide, non-life premiums rose by an underlying 16.7 per cent to £1.16bn, while underwriting losses fell by £40.6m to £57.1m. Investment income grew by an underlying 13.6 per cent to £155.1m, while life profits were up 30 per cent at £6.5m.

Group profits after tax and minorities were £78.6m (£44.3m), with earnings per share up 74 per cent at 42.3p. GA declared an interim dividend up 25 per cent at 12.5p per share.

Net asset per share rose from 1091p to 1249p, with a solvency margin of 100.2 per cent.

In the UK GA made a second-quarter underwriting profit of £11m, against a £9.8m loss in the same period of 1986. For the half-year, GA nearly halved its UK underwriting loss from £36.8m to £19.9m, in spite of exceptional weather losses in the first quarter.

Mr Tom Roberts, GA's UK general manager, said the home-owners' account had benefited from an improvement in fire and burglary claims, which helped it to a surprisingly big £8.5m underwriting profit in the second quarter. This reduced the first-half underwriting loss to £11m from £12.3m in 1986.

On UK motor business, GA's underwriting loss fell from £15.1m in the first half of 1986 to £9.8m.

Mr Roberts said there were signs of a stabilisation in the rate of growth in claims frequency at about 5 per cent. GA put up motor premium rates from June 1, but believes that market forces could lead to a slackening in the frequency and scale of further increases.

GA's US operations contributed 35 per cent of non-life premiums, with a £7.5m improvement in interim underwriting losses to £32m on written premiums up 17 per cent.

The GA's US operating ratio—the standard measure of underwriting profitability, which measures claims and expenses as a percentage of premiums—was 107.26.

An improvement of 2.7 points on GA's 1986 interim figure, this was still worse than the US property/casualty industry average of about 104-105.

However, GA is a big writer of private motor business, where US insurers' ability to secure rate increases varies widely from state to state.

Outside the US and UK, GA's interim underwriting loss was £5.2m, down from £21.4m, helped by a £5.4m underwriting profit in Canada. European underwriting losses were down from £10.7m to £6.9m.

See Lex

Clarke Hooper exceeds targets

IN ITS first year on the USM, Clarke Hooper has expanded its core business and laid strong foundations for profitable long-term growth, the directors claim.

Announcing the results for the year ended April 30 1987 yesterday, they said figures outperformed the targets set at the time of the flotation (May 1986) and built further on the rapid growth of 1985-86.

Turnover of the group, a sales promotion consultancy, rose by 28 per cent, from £7.47m to £9.53m, and the profit before tax increased by 12 per cent, from £912,000 to £1.02m. Last year included £67,000 exceptional credit; stripping that out pushed the 1986-87 percentage rise to 21 per cent.

After tax £373,000 (£384,000) earnings worked through at 9.1p (7.4p) per share. The final dividend is 1.5p to make a net total of 2.5p.

Mr Barry Clarke, chairman, said the group had been established as a successful and well managed international company in a growth market.

He said the principal operating company, Clarke Hooper Consulting, lifted its profit 24 per cent on a 22 per cent rise in turnover. The client base broadened considerably. This strong progress in the core sales promotion business was despite start-up costs arising from the investment made in the new direct marketing division.

● **comment**

The rise of whimsical choice—called impulse buying in the trade—is what lies behind the trend for companies to spend more on sales promotion at the expense of traditional advertising. This is likely to continue as more companies become aware of the change in buying habits. Clarke Hooper is in the happy position of being able to cash in on the trend, having established itself as a sales promotion specialist since 1974. It is also making the business international through US acquisitions, and new business through client referrals across the group has already started to boost turnover. Clarke Hooper has been careful about what it buys, and aims at spending 9½ times earnings next time around. This results in an immediate boost to earnings. A prospective p/e of 21 based on pre-tax profits forecast of £1.6m in the current year gives reasonably full value to the shares, but longer-term growth prospects should not be discounted.

Hestair in £13m expansion of US job agencies

BY STEVEN BUTLER

Hestair, holding company with interests including fire engines and employment services, is increasing the British advance into the US temporary employment agency business. It has made two acquisitions in the New York area and in Massachusetts for a total of $19.79m (£12.6m).

The acquisitions increase Hestair's geographical presence, especially in New York, which accounts for 22 per cent of the US market.

Mr David Hargreaves, chairman, said the group would proceed with plans to develop a national network of agencies in the US operating under a single name and trading style.

The US network now consists of 85 branches with an annual turnover in excess of $150m. Thirty branches are to be added by the year end, and the group will rapidly push the total to 200, through selective acquisitions and organic growth, with a potential annual turnover of $400m, said Mr Hargreaves.

The strategy contrasts with the Blue Arrow $1.2bn bid for Manpower in which Blue Arrow is trying to buy an established national network, at a multiple of earnings of 39 times.

"We are prepared to go more slowly, more steadily, and end up at the same place," said Mr Hargreaves.

The $17.49m purchase of Aubrey Thomas in New York gives an exit p/e of 11.9, the highest Hestair has paid. Hestair had initially shied away from the New York area because of generally lower margins.

Gross margins at Aubrey Thomas, at 29 per cent, are only slightly below the group average of 30 per cent. By contrast gross margins at Manpower are 24 per cent.

"We do not believe in the high volume, low margin contract business," said Mr Hargreaves.

The consideration for Aubrey Thomas is to be satisfied by the issue of 3.48m shares, of which 98,274 are to be retained by the vendors, the rest being placed at 323p per share.

Aubrey Thomas has current annualised sales of $31m, with estimated annualised profits of $2.3m. Management accounts showed pre-tax profits of $1.4m on sales of $19.9m in the eight months to July 1987. Sales are said to be growing at 20 per cent annually.

The Hestair US subsidiary Ward Management is also purchasing five branches in Massachusetts from Kelly Assisted Living Services. Sales at the five branches are estimated at $4m annually, with net incremental profits contribution of about $0.6m.

Consideration for assets and goodwill, excluding receivables, is $2.3m in cash, with $350,000 to be paid on completion. Hestair will inject a further $600,000 to fund receivables.

Hestair shares yesterday jumped 23p to close at 350p following the announcement.

Aspen lifts interim profits to £1.5m

Aspen Communications, magazine producer and publisher, video programmes, radio telephones and computer stationery, yesterday reported a sharp advance from £931,000 to £1.49m in pre-tax profits for the six months ended June 30.

The directors of this USM-quoted company said that the year has seen a substantially increased level of capital and revenue investment in existing Aspen companies and the related benefits to earnings have yet to be realised. At the same time the board is developing selected acquisition opportunities in related businesses. The prospects for the group remain good and another successful year is anticipated.

Margins showed some improvement but the directors said the constraints signalled in the annual report were experienced in the first half of the year. With the end of the major disruption to working conditions, the creation of new advanced production facilities and the addition of a number of new contracts, margins are expected to improve beyond September.

Dealing with the various group operations the board commented that Aspen Corporate Communications experienced a healthy increase in turnover although profits were below expectations due to reorganisation and continuing high levels of development expenditure. A significant improvement in results was anticipated for the second half.

The Post Office QTV advertising medium continued to progress at a healthy rate and the pre-print group business forms and computer supplies division continued its excellent progress. Clearstone Radio Communications Equipment is making strong progress in all areas and a substantially improved result for the year was anticipated.

Group turnover in the first six months rose 53 per cent to £11.35m (£7.43m); tax took £520,000 (£334,00); and minorities £18,000 (£33,00) leaving earnings per 5p share up from 7.54p to 9.92p.

The interim dividend is increased from 1.3p to 1.6p; last year's total was 3.7p.

● **comment**

Aspen has been one of the less heralded USM successes—its market capitalisation increasing from only £8.4m to £51m in just over two years since it joined the market. Its mix of businesses is firmly media - related — corporate videos, business forms, magazine printing and radio communications—and it is dallying with the idea of moving into public relations. The integration of Spafax, bought for £6.2m last year, and higher development costs held back corporate communications profits in the first six months but that division should lead growth in the second half—helping pre-tax profits for the year to reach £3.3m. That leaves the shares on a hefty prospective p/e of 24, at last night's 585p, but its rating, based as it is on several years of strong earnings growth, looks more solidly-based than some of the other glamour USM stocks.

Manchester Ship ahead midway

BY PHILIP COGGAN

Manchester Ship Canal, the company in which Highams, the privately-owned textiles group, recently gained control, yesterday announced interim pre-tax profits of £358,000 despite paying further voluntary severance costs of £1.89m.

At the halfway period last year, severance costs of £2.77m turned a profit of £2.02m into a pre-tax loss of £750,000.

This year, profits for the six months to end-June, including property and investment income, were higher at £2.69m and a pre-tax profit was achieved despite charging accelerated depreciation on dredging equipment of £440,000.

However, after tax of £300,000 (nil) and extraordinary expenditure on takeover defence costs of £117,000 (£77,000), there was a loss attributable to shareholders of £59,000 (£827,000).

The ship canal has been in a long-term decline, with the upper reaches from Runcorn to Manchester losing substantial amounts of money.

Manchester Ship now faces a material downturn in revenue from its port operations. In June, sludge traffic ceased to use the canal after 90 years and the company will hereby lose business which produced income of just under £500,000 in the first half.

However, Manchester Ship hopes that if costs can be reduced, the long-term profitability of the port operations can be secured. The company has certain statutory obligations relating to navigation and drainage in the Mersey basin.

At the heart of the bid battle were the property interests on either bank of the canal and the company has now established a property division which is examining the best ways of exploiting its assets.

The major hope is the Trafford shopping centre on the Barton dock estate, but the outcome of its planning application will not be known until next year.

Net assets at June 30 were £49.77m or £6.38 for each ordinary and preference share.

London Ent stake sold

The Littler family has sold a 52.52 per cent interest in London Entertainments, the listed family investment trust.

Banque Paribas has acquired the biggest block of shares, amounting to 29.97 per cent of the company, with the balance spread among institutions and individuals independent of Paribas, including Pacific Investments (6.8 per cent), and British Empire Securities

Scholes reiterates its rejection of Delta bid

BY PHILIP COGGAN

The board of George H. Scholes, electrical engineering company, yesterday reiterated its rejection of the £70m bid from Delta Group, the Midlands-based electrical and engineering concern.

Scholes maintains that its relationship with Brown Boveri, one of two companies which provide it with circuit breaker technology, would be terminated in the event of a Delta takeover.

The Scholes share price, having fallen below the Delta cash offer of 550p, closed last night at 563p. The Delta-share and cash offer is worth 528p.

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
206	133	Ass. Brit. Ind. Ordinary	204	—	7.3	3.6	12.5
206	145	Ass. Brit. Ind. CULS	204	—	10.0	4.9	—
40	34	Armitage and Rhodes	38	—	4.2	11.1	5.3
142	67	BBB Design Group (USM)	112xd	+22	2.1	1.8	17.9
165	106	Bardon Group	163	—	2.7	1.6	27.8
175	95	Bray Technologies	175sus	—	4.7	2.7	14.0
264	130	CCL Group Ordinary	264	—	11.5	4.6	6.5
138	99	CCL Group 11pc Conv. Pref.	138	—	15.7	11.4	—
160	136	Carborundum Ordinary	160	—	5.4	3.3	13.9
94	91	Carborundum 7.5pc Pref.	93	—	10.7	11.5	—
117	87	George Blair	117xd	+2	3.7	3.2	3.0
143	119	Isis Group	120	—	—	—	—
75	68	Jackson Group	75	—	3.4	4.5	8.3
440	321	James Burrough	440	—	18.2	4.1	10.0
97	88	James Burrough 9pc Pref.	97	—	12.9	13.3	—
780	500	Multihouse NV (AmstSE)	500	—	—	—	19.8
529	351	Record Ridgway Ordinary	529	+3	1.4	—	10.7
86	83	Record Ridgway 10pc Pref.	88	—	14.1	16.4	—
91	77	Robert Jenkins	77	—	—	—	3.4
124	42	Scruttons	124sus	—	—	—	—
203	141	Torday and Carlisle	203	+3	6.6	3.3	9.9
42	32	Trevian Holdings	42susxc	—	7.9	18.8	0.9
131	73	Unilock Holdings (SE)	114xd	−1	2.8	2.5	21.0
220	115	Walter Alexander	220	+10	5.9	2.7	16.3
196	190	W. S. Yeates	195	—	17.4	8.9	19.8
176	96	West Yorks. Ind. Hosp. (USM)	125	—	5.5	4.4	13.3

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هكذا من الأصل

Maxwell meets with Elsevier tomorrow

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, will meet Mr Pierre Vinken, chairman of Elsevier, the large Dutch publisher, for talks in Britain tomorrow.

The meeting which is expected to cover a wide range of options for a possible alliance between Mr Maxwell's British Printing and Communications Corporation and Elsevier was at Mr Maxwell's request.

The British publisher has made it clear he is prepared to pay cash for Elsevier, one of the largest Dutch publishers whose interests range from scientific journals to newspapers and consumer magazines.

Mr Maxwell has been emphasising that his intentions are friendly and that he is simply seeking to explore "the concept of what two enterprises with similarities can do together."

Last week Mr Maxwell sent his executive jet to Holland to pick up 12 Dutch journalists for a briefing in London.

In the articles that subsequently appeared in the Dutch press there was a marked absence of any hostility towards Mr Maxwell's designs on Elsevier.

Mr Vinken, who believes that a major league of international publishing organisations will emerge, has been having talks with a number of large English-language publishers.

The share price of Elsevier, a company capitalised at about £1bn, was suspended for a short time last week amid rumours of a Maxwell bid.

Everard down at £0.5m after lower property sales

The poor winter and spring weather was blamed by Everards Brewery for a slight fall in the interim turnover.

However, Mr Adrian Weston, chairman, said that better cost control and higher retail profit, resulting from the increased investment in public houses, led to an increase in trading profits from £357,000 to £368,000.

Turnover for this Leicester-based company in the 26 weeks to March 26 1987 fell from £9.28m to £8.87m. After lower profits from property disposals of £105,000 (£339,000) pre-tax profits came out at £473,000, against £896,000 last time.

Mr Weston said that sales of beer and lager had increased compared with the previous period, against the national trend.

Eurotherm's Kineron payment

Eurotherm International's first instalment of the consideration payable to the vendors of Kineron Gauging Systems amounts to £2.5m plus interest of which £2.5m is to be satisfied by the issue of 568,181 new ordinary shares with the balance in cash. The new shares are being placed by Robert Fleming at a price of 440p per share.

A further four instalments are payable, which will amount in total to the audited pre-tax profits of Kineron for the period from January 1 1987 to April 30 1990. All instalments may be satisfied at Eurotherm's option by the issue and allotment of shares or in cash.

DIVIDENDS ANNOUNCED

Aspen Com'cations int	1.6‡	Oct 29	—	2	—
Aspen Communicatns‡	1.6	Oct 1	1.3	—	3.7
Clarke Hooper	1.5‡	—	—	2.5	—
Continental Indust int	20	Oct 1	nil	—	20‖
Gen Accident ......int	12.5	—	10	—	28
Excalibur Jewellery ...	0.05	—	0.05	0.05	0.05
Metal Bulletin ......int	1.65‡	Oct 9	1.65	—	4.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ For seven months.

Ashtead confident as profit tops forecast

Ashtead Group, plant hire company which came to the USM last November, has beaten its profit forecast by 12 per cent in the year ended April 30 1987. And growth continued on all fronts.

Turnover for the year advanced by 42 per cent to £5.1m (£3.6m) and, with pre-tax margins improving from 15 per cent to 20 per cent, the pre-tax profit surged 91 per cent to £1.02m (£533,000). The forecast was for £910,000.

Mr Peter Lewis, the chairman, pointed out that only one month's trading from Keyplant's 13 locations contributed to the figures.

Earnings for the year were 11.2p (6.4p) and the dividend is the promised 2p net.

Mr Lewis said the current year's trading was continuing at satisfactory levels throughout the enlarged group.

Keyplant's profit centres had been fully integrated into the group operational structure and substantial benefits from the acquisition were expected this year as Keyplant's historic margins of 5 per cent were increased.

The group had withdrawn from Keyplant's activities in operated plant hire and the benefits of that, and other rationalisations, were also expected to come through.

Mr Lewis said Ashtead's growth has continued on all fronts, in terms of market capitalisation, profits, turnover, investment in working assets (a record £2.1m), pre-tax margins (currently 20 per cent), and profit centres across the UK.

Group policy was to seek increased efficiency in existing activities and to exploit profitable opportunities for growth by acquisition.

● comment

Ashtead has an innovative approach to industrial relations and Peter Lewis is convinced its employee incentive scheme is the main impetus behind the group's margins growth from 3.5 per cent at the time he acquired the company in 1984 to its present 20 per cent. Keyplant has undergone the same transformation to local branch autonomy and profit sharing and Ashtead is confident of similar margins growth, especially as the more costly operated plant side has been eliminated. The group has firm intentions of increasing its 2¼ per cent market share, and on present performance seems perfectly capable of emerging as eventual leader. With gearing at just below the 100 per cent mark any acquisitions this year are likely to be on the small side unless another Keyplant arrives on the scene. An expected £1.1m produces a prospective p/e of around 23 on a share price of 370p; that looks expensive, but given the group's strong growth, that rating could be halved in two years.

Metal Bulletin profits halved

Metal Bulletin, USM-quoted publisher of international trade journals, reported pre-tax profits almost halved at £251,700 for the six months ending June 30, against a previous £497,900. Turnover rose from £3.18m to £3.48m.

There were two main reasons for the lower profits, which, the directors said, were below expectations. First, the core business area — international metal trading—had shown some recovery but that was too slow to be reflected in the first half. Secondly, there was heavy investment made to broaden the publication base, with start-up and development costs being written off as they arose.

The directors expected record activity and a significant contribution from the planned programme of publications and conferences in the second half, but said the full year results were unlikely to match the record £1.24m pre-tax achieved in 1986.

They believed the recent acquisitions and title launches would directly benefit future profits. It was their intention to continue that development policy given the company's strong cash flow, even if there was an immediate adverse effect on reported profits.

They are paying an unchanged interim dividend of 1.65p from lower earnings of 2.04p (3.61p) per 10p share. A total of 4.8p was paid in 1986. Tax for the half year was £72,000 (£180,500).

UK COMPANY NEWS

Mike Smith on a takeover that failed to deliver its promise

The dark clouds over Stormgard

TO SOME she was a shining example of British entrepreneurship at its best. Others argued her high-flying image owed less to her management track record than to the rare opportunity she gave the media to champion the cause of a *businesswoman*.

When it came to the crunch, shareholders in Selincourt, a struggling fashionware and fabrics group, *decided to join* the Jennifer d'Abo fan club. After a bitter takeover battle—in which her main adversary was Sir David Nicolson, *former* chairman of BTR and a veteran of many a takeover—she emerged triumphant.

Two years later those same shareholders may be left questioning the wisdom of their decision as they reflect on subsequent events at *Stormgard*, the quoted shell which Mrs D'Abo and her associates used to launch their £17.5m takeover *of Selincourt*.

Though small, Stormgard provides one of the most spectacular examples in recent years of *an acquisition which* failed to deliver its promise.

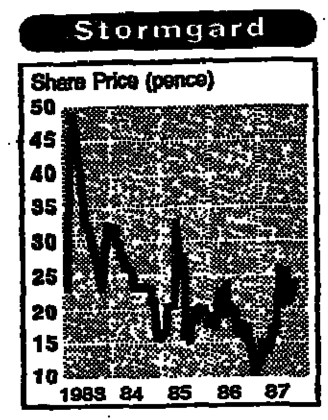
Hints of serious trouble first emerged last December when *the company reported* interim pre-tax losses of £193,000 and a passing of the dividend. There was much worse to come.

Shareholders were dealt a rude shock when Mrs d'Abo resigned her directorship in February after a row "over *future policy*," the nature of which has never been explained. Then in June, Stormgard revealed full-year pre-tax losses *of £4.67m.* And in the latest development, Lord Lever, the former Labour Cabinet minister, said last month that he was *stepping down* as chairman as he "would not have the time to give the company in the future."

It is all so different from the two pictures of future prosperity painted during the takeover battle. The incumbent *Selincourt* management said that after the traumas of the early 1980s, when gearing rose at one stage to 250 per cent and *net* assets were *cut* by more than 50 per cent in five years, the company had turned the corner and could look for*ward to strong profits growth.* It forecast a 34 per cent pre-tax increase to £1.85m for 1986.

Mrs d'Abo's team — which included her *then husband*, Robin, as a director and Mr David Dunn, formerly of Thomas Tilling and Hanson *Trust as managing director* — made no profits predictions. It did, however, say that its design and marketing flair would *enable Selincourt to prosper.*

Jennifer d'Abo: resigned after policy row



Looking back, Sir David is still clearly a little surprised and hurt by his defeat.

"*After a lot of nursing* and coaching we had cleaned up Selincourt and were building it up into a substantial textiles *group*," *he says.* "It was very disappointing we were not supported."

Sir David says part of the explanation was the *rough ride* shareholders had been given in the early years of the decade. However, he feels the decisive factor was Mrs d'Abo. "She has winning ways. She is an attractive personality and knows how to sell herself," he says.

The Stock Market has, of course, always loved a good story and Mrs d'Abo was able to provide it. Tall, confident and flamboyant, she appeared well suited to play the role of one of the first women to spearhead a contested takeover *bid.*

She had her first serious contact with the City in the early 1970s while managing the investment portfolio of millionaire Peter Cadbury, her then husband. Later she made her mark by building up grocery and furniture *businesses* in Hampshire, and Jean Sorelle, the perfume manufacturer. But it was through Ryman, the *stationery* retailer, *which she* bought from Burton in 1981, that she attracted most attention.

During the Selincourt takeover battle Mrs d'Abo's record came under fire from Sir David Nicolson's team, which pointed *to Ryman profits of just under £40,000* in 1984. Since then, however, profits have multiplied and Mrs d'Abo can point to her *achievement* in boosting the company from a value of £2.5m six years ago to one worth £20.25, the price Pentos paid *for it last* month.

Stormgard shareholders can only look on with envy. What went wrong?

Getting to the truth is not helped by the refusal of Mrs d'Abo, Lord Lever and Mr Dunn, who remains managing *director, to comment.* It is apparent, however, that two of the biggest problems have been the build-up of stocks and write*offs on bad debts.*

The first difficulty suggests that Mrs d'Abo found it less easy than she expected to transform her much-trumpeted marketing and design skills from stationery to clothes and textiles. The second—a £239,000 write-off — was the result of inefficiency, admits Mr John Murray, the company's new chairman.

Mr Murray, who was one of the Stormgard takeover team in 1985, says some of the problems were inherited from the old Selincourt management but admits that Stormgard had expected difficulties from the start.

"*And after all we have had* two years to get it right," he says.

Stock provisions last year *contributed £2.1m to the £4.67m* of pre-tax losses, with £1.6m of the damage coming from the fashion sector of the group. *Mr Murray says most of the* write-offs were at its Garlaine subsidiary where turnover fell by about £2m to £6m in 1986-87. *New designs* had not sold well; had they done so, the company would have been able to sell more of the previous manage*ment's products* on the back of them.

Garlaine's margins are sometimes higher than 40 per cent, so a fall in turnover hits the profits hard.

For Stormgard as a whole the *outlook for the current* year remains determinedly grim. The company says trading conditions are still difficult and it will continue *its* programme of reorganisation. Mr Murray will give not indication of when he expects the company to return to profitability, although he believes most of the problems have bee nstraightened out.

Shareholders can *find* little comfort in the 1987 balance sheet. This shows gearing of nearly 150 per cent (although *recent disposals have reduced* this considerably, says Mr Murray). Loans and overdrafts falling due within one year more than doubled in the year to £9.49m, and shareholders' funds fell from about £11.84m to £6.60m.

The last figure is particularly poignant given the fact that in 1985 Mrs d'Abo pointed scornfully to how Selincourt's assets *had declined fro* m£18.5 mto £5.7m during the previous five years. Since then there have bee ntwo capital injections, in*cludin ga rights issue, to raise* nearly £10m.

In spite of Stormgard's problems, its shares have risen strongly since hitting a low of 10p in December. Yesterday's price of 23p, which values the company at about £30m is nearly five times net asset value. On trading grounds alone analysts believe that the share price would be hard to justify. However, Mr Murray says the company has received no takeover approaches and is not aware of any significant stake builder.

Stormgard is not without its attractions. Although Frank *Usher*, the *highly* profitable cocktail and eveningwear company, has been sold, Stormgard has kept other companies with *well-known names. These in*cludes E&A Richards, the kitwear company, and Jacqmar, the scarves and fashion acces*sories subsidiary.*

Any potential predator would have to take a long hard think about a company which last year made trading losses of £370,000, even before all the write-offs were made. And the bidder would doubtless want to know why Mrs d'Abo left last February.

Abaco buys another estate agent

Abaco, financial services group, has made its second estate agent purchase in two days with the £3.4m acquisition of W. H. *Robinson*, Manchester chartered surveyor and commercial estate agent.

Robinson made profits of *£546,000 before* tax and partners' salaries in the year to the end of March, on a turnover of £1.42m. It has six partners and a *staff* of 56.

The consideration is to be satisfied by £2.35m cash, and the issue of 1.23m shares.

The acquisition brings new share issues for the group to 67m for completed transactions, 16m for contracts exchanged conditionally, plus a maximum of 14m under deferred payment arrangements.

Caledonia's £13.8m for Berkley preference

Caledonia Investments has sub*scribed £13.75m for new con*vertible preference shares in Berkley House, a privately-owned London-based property *developer.*

Conversion terms attaching to the preference shares will entitle Caledonia to an equity *participation of between* 11 per cent and 16 per cent, depending on the timing of Berkley House becoming a listed company.

Berkley House recently raised a £20m participating loan syndicate through Close Brothers from financial institutions, including Caledonia.

Major developments in which Berkley House is currently participating alone, or with others, include Horsleydown Square, adjacent to Tower Bridge on the former Courage Brewery site, Point West, the former west *London Air Terminal in the* Cromwell Road, and Brunswick Wharf between the Isle of Dogs and the Royal Docks.

*Mr Peter Buckley, chief execu*tive of Caledonia, is to join the Berkley House board.

TSB Target

TSB, the financial services group which was recently defeated in its hostile bid for Hogg Robinson Group, has had greater success with its friendly £227m bid for Target.

By 3 pm on Monday this week, the first closing date for the offer, TSB had received acceptances in respect of 97 per cent of Target's shares and has therefore declared the offer unconditional.

Welsh Trust doubles net asset value

Net asset value of the Welsh Industrial Investment Trust more than doubled over the past year from 169p to 380p at April 5 1987. Investment income fell from £32,834 to £21,624 but trading income rose substantially from £9,650 to *£86,045.*

Net operating expenses were £18,487 (£13,406) leaving operating profits *of* £89,182 (£29,078). Deducting interest of £30,758 (£9,476) pre-tax profits emerged at £58,424 (£19,602). Tax took £11,773 (£15,351) and earnings per 5p share worked through at 3.2p (0.03p). There was an extraordinary item of £45,362 (nil) representing the cost of obtaining admission to the Official List.

UK COMPANY NEWS

Dalgety sells lumber offshoot for £75m

BY STEVEN BUTLER

Dalgety, the food and commodities group, has continued its assets disposal programme with the C$155m (£75m) cash sale announced yesterday of its Canadian lumber company, Balfour Guthrie. The buyer is a company set up by the Balfour Guthrie management, in which it holds a 20 per cent interest.

Balfour Guthrie has been up for sale since the end of March, when Dalgety said it hoped to realise about £70m. In 1986 Balfour Guthrie's pre-tax profits came to C£11.8m.

Dalgety has now raised some £150m from recent disposals, including chemical manufacturing and trading operations, an insurance broking business and Associated British Malsters.

"We are approaching the end of our divestment programme," said Mr Terry Pryce, chairman, yesterday. Mr Pryce said Dalgety was pleased with the price, which was higher than initially anticipated.

Further disposals this year are expected to raise another £50m, leaving Dalgety with significantly reduced debt as it pursues a continuing acquisition programme in its core food processing and distribution businesses.

Yearlings

The interest rate for this week's issue of local authority bonds is 10½ per cent, up ⅛ of a percentage point from last week, no rate was issued this time last year. The bonds are issued at par and are redeemable on August 17 1988. A full list of issues will be published in tomorrow's edition.

Evode calls for £12m to fund acquisitions

BY JANICE WARMAN

Evode Group, the adhesives, paint and plastics group, which has more than tripled its market capitalisation since joining the USM in December 1986, is to fund two acquisitions totalling £8.3m with a £12.2m rights issue.

The £5.6m purchase of Sterling Technology from Reichhold Inc of the US is designed to establish Evode in the fast-growing market for speciality chemicals in the electronic and electrical industries. The £2.7m Commercial Ignition purchase, to be paid largely in shares, would strengthen its position in the automotive components market established with the Supra acquisition, said Mr Andrew Simon, chairman.

The remaining £6m will be used to reduce group borrowings and to finance further acquisitions.

The Sterling purchase, which was nearing completion ahead of Evode's interim announcement in July, was delayed by a takeover attempt on its American parent.

Manchester-based Sterling manufactures electrical insulating varnishes and compounds, idustrial paints and protective coatings. In 1986 it produced pre-tax profits of about £750,000, after management charges and royalty payments of £100,000, on sales of £4.66m.

The £200m UK market for these products was expected to grow at more than 10 per cent per annum, said Mr Simon. Evode saw the acquisition of Sterling as a more effective entry to the market than organic growth.

Commercial Ignition makes and sells electronic and electrical components to the automotive after-market from its 3.7-acre base near Gerrards Cross. Pre-tax profits for 1986 totalled £234,000 on sales of £3.15m, with net assets of £2.33m. At completion, cash at bank and in hand should total about £1m.

Evode's directors are to recommend a final dividend of 3.24p on the increased share capital, making a total dividend for the year of 4.44p, compared with last year's final total of 2.872p.

The acquisition of Sterling will be financed by the issue of 3.56m consideration shares. A further 3.56m shares are to raise £6m. The rights offer has been underwritten by Morgan Grenfell, with Kleinwort Grieveson Securities as brokers.

The consideration for Commercial Ignition will be satisfied by the issue of 1.06m new ordinary shares of Evode and a cash payment of £700,000.

Excalibur cuts its losses

Excalibur Jewellery, a manufacturer of watches and jewellery, reported a slight fall in pre-tax losses from £255,484 to £243,057 in the year to April 30 1987. Turnover fell from £4.64m to £4.12m.

The directors proposed an unchanged dividend of 0.05p for the year. Losses per share fell from 2.04p to 1.95p.

They reported that all the company's loss-making subsidiaries, none of which were involved in jewellery making, had been or were being closed.

Gross profit was £803,362 (£911,114); distribution costs, £383,301 (£382,011); administration expenses, £572,590 (£734,633); operating losses, £152,529 (£205,530); interest payable, £90,528 (£43,786); bank interest receivable nil (£3,832); tax, nil (nil); and extraordinary debits, £425,574 (nil).

Continental Ind asset rise

Continental & Industrial Trust raised net asset value per 25p share from 868.2p to 915.2p in the six months to June 30.

Net revenue amounted to £4.36m (£3.36m) after tax of £2.2m (£2.39m) while earnings per share rose by 28 per cent to 25.14p (19.68p)—comparative figures covered the seven months to December 31 1986. The company became a subsidiary of Transatlantic Insurance Holdings in July 1986.

An interim dividend of 20p (no interim but final 20p for period) is being paid.

The board said the level of dividend payments was likely to revert to a more normal level as the portfolio was reinvested in financial services investments.

Lopex £6m for Grayling

Lopex, the communications group, is paying up to £6m to acquire the Grayling Group of public relations consultancies.

The acquired company is to be merged with Forman Communications, the Lopex PR subsidiary, in order to broaden presence in the UK and to provide a stronger basis for expansion in Europe and the US, and will trade under the name Forman Grayling Group.

The acquisition continues a spate of takeovers and break-up activity in the public relations field.

A complicated schedule of payments to the vendors of Grayling links most payments to profits performance in 1987 and 1988. An initial £500,000 is to be paid upon completion, satisfied by the issue of 285,155 shares, with 189,053 placed on behalf of the vendors.

A further £400,000 is to be paid following completion of Grayling's 1987 accounts, provided pre-tax profits exceed $150,000. Total payment will be 6.9 times the average annual pre-tax profits of Grayling for the two years ending 1988, with a £6m ceiling.

Lopex will also raise £500,000 of working capital for Grayling by means of a placing of 243,902 shares.

Revenue of the Grayling Group exceeded £4m in 1986, with pre-tax profits of £237,000, on a pro forma basis including Gwynne Hart, an acquired subsidiary, for a full year.

BOARD MEETINGS

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims: Botswana RST, Commercial Union, Foreign and Colonial Investment Trust, North Midland Construction,

Interims:
Novo Industri, Smith and Nephew, Ultramar.

Final: Gnome Photographic Products, McKay Securities, J. Saville Gordon, Zetters.

FUTURE DATES

Interims:

Bank of Scotland	Sept 23
Bredero Properties	†Sept 1
Cambridge Electronic Inds	Aug 24
EBC	Aug 18
Jaguar	Aug 18
London Scottish Marine Oil	Sept 15
Parambe	Aug 19
Provident Financial	Sept 8
Slough Estates	Sept 2
Stat-Plus	Sept 2
Task Force	Aug 20
Taylor Woodrow	Sept 1

Finals:

Aerospace Engineering	Aug 20
DPCE	Sept 10

† Amended

Public Works Loan Board rates

Effective August 10

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10⅝	—	—	11⅛
Over 1 up to 2	10⅝	10⅝	10⅞	11⅜	11⅜	11⅛
Over 2 up to 3	10⅝	10⅝	10⅝	11⅜	11¼	11⅛
Over 3 up to 4	10⅝	10⅝	10⅝	11⅛	11⅜	11⅛
Over 4 up to 5	10⅝	10⅝	10½	11⅛	11⅛	11
Over 5 up to 6	10½	10½	10⅝	10⅞	10⅞	10⅞
Over 6 up to 7	10½	10⅞	10⅝	10⅞	10⅞	10⅞
Over 7 up to 8	10⅝	10⅝	10⅝	10⅞	10⅞	11
Over 8 up to 9	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 9 up to 10	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 10 up to 15	10½	10⅝	10½	11	10⅞	10⅞
Over 15 up to 25	10½	10½	10⅝	10⅝	10⅝	10⅝
Over 25	10½	10⅜	10⅝	10⅝	10⅝	10⅝

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

COMMODITIES AND AGRICULTURE

Cocoa support remains in limbo

UNCERTAINTY ABOUT the status of the International Cocoa Organisation's buffer stock means buffer buying cannot resume, even though the 10-day average indicator price has fallen below the "must buy" level of 1,600 Special Drawing Rights (SDR) a tonne, organisation delegates said in London yesterday, reports Reuter.

The indicator slipped through the trigger level to SDR 1,597.98 on Monday and fell further to SDR 1,595.83 yesterday.

The organisation is not expected to take any immediate action, however, and its buffer stock manager will not re-enter the market without any clear mandate from the executive committee or council, the delegates said.

There are no plans yet to call an executive committee meeting to review the buffer stock's position in the light of the recent price slide. These issues can be raised at the annual council meeting, scheduled for September 2 to 11, officials in the organisation's secretariat said.

NO 16—8/8½

The buffer stock was left in limbo after an emergency council session of the organisation last month failed to revise the price range which the buffer stock is intended to defend following the exhaustion of the manager's mandated initial purchasing limit of 75,000 tonnes.

The lack of a council decision means Mr Kobena Erbynn, the executive director, *must decide whether the buffer* stock can re-enter the market. But he is expected to consult with producers and consumers before taking any action.

WEEKLY METALS

ALL PRICES as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,130-2,210 (2,120-2,170).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 3.45-3.65 (3.10-3.15).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.73-1.83 (1.50-1.55), sticks 1.73-1.83 (1.50-1.55).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 6.45-6.60 (6.40-6.55).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 253-268 (237-247).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse 2.85-2.95 (2.80-2.90).

SELENIUM: European free market, min 99.5 per cent, $ per lb in warehouse, 5.40-6.00 (5.25-5.90).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 42-47 (48-57).

VANADIUM: European free market min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif 2.62-2.70 (same).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 16.90 (same).

Brazilian coffee crop 'damaged by frost'

WEEKEND FROST in coffee-growing regions of Brazil caused some damage to next year's crop, according to Mr Jorio Dauster, president of the Brazilian Coffee Institute (IBC), **reports Reuter from Sao Paulo.** But he said it was too early to say how severe the damage was.

"We do not have an estimate yet," he said. "In 10 to 15 days we may have something. At this stage it is very difficult to assess the damage. It is quite clear that some damage was done."

An estimate by Mr Oripes Gomes, the IBC's production director, that 1.15m bags (60 kg each) had been lost was a very preliminary figure which reflected the feelings of growers, Mr Dauster warned.

The production director was *quoted as giving that estimate* in Monday's Globo newspaper.

Meanwhile producers and traders said frost in the states of Sao Paulo and Minas Gerais had touched some pockets of low-lying ground where coffee was not generally grown and that possible losses were considered insignificant.

"Some leaves might have curled up, but beyond that I don't believe any damage has been done," said one trader in southern Minas Gerais.

The US-based ACCU weather service reported no frost in Brazilian coffee areas over the weekend.

Mr Dauster said the IBC's preliminary estimate of next year's crop, based on the idea of biannual cycles, was between 20m and 25m bags.

Traders said, however, that while they accepted that coffee was a cyclical product, Brazilian output was on an upward trend *because of the large expansion* of plantations in recent years. Next year young trees would be increasing their production or producing for the first time, they pointed out.

One said the crop should be well above the range forecast by the IBC.

In London the frost reports produced only a slight rise in Robusta coffee futures prices. The November position was lifted briefly to £1,300 a tonne but then eased back to close £7 down on the day at £1,290.50 a tonne.

Dealers agreed with Mr Dauster that it was far too early to assess the damage and added that the likelihood was that the damage would not prove serious enough to alter the basically bearish market fundamentals ruling at present.

Even if Mr Gomes's estimate *of a 1.15m bags loss was correct* it still only represented a small *amount out of this year's projected* crop of more than 30m bags, they said.

Change in EC system may boost UK wheat exports

BY BRIDGET BLOOM

ARRANGEMENTS WHICH are expected to boost British exports of wheat to third countries have been agreed in Brussels by the cereal management committee of the European Community.

The measures, which should shortly be the subject of a formal regulation for enforce-*ment in the forthcoming* season, will involve the establishment of a single tender for common wheat. This will replace the system of separate tenders for bread-making and for feed quality wheat which has been in operation since last December.

British ministers see the acceptance of the new single tender as a notable plus for the UK, which last year exported some 2.5m tonnes of so-called feed quality wheat to third countries.

It had been felt that the establishment of separate tenders last December unduly favoured French wheat exports which are primarily of bread-making quality.

Given the high domestic price of wheat in the EC, exports can only take place with the aid of substantial export subsidies. The level of these is determined by a complex system of tendering.

While domestically the Community distinguishes between feed and bread-making quality wheats—the latter fetching a higher intervention price—until last December there was no such distinction in export markets.

British exporters have argued that separate tenders unfairly discriminate against British *wheat exports. They have* maintained that separate tenders could enable the Commission so to administer export refunds as to give preference to exporters of breadmaking wheat.

Yesterday the British Grain and Feed Trade Association welcomed the Community's decision to return to the single tender system, which is held to give exporters much greater flexibility. GAFTA noted, however, that since the decision would come up for review later in the year, it was too early to count it a victory for British diplomacy.

It is understood that the single tender system was one of the subjects discussed between Mr John MacGregor, the new British Minister of Agriculture, and Mr Frans Andriessen, the EC Commissioner for Agriculture, at a meeting in London late last month.

Study suggests cheaper US farm policy

THE US could save taxpayers billions of dollars and raise the value of agricultural exports without measurably reducing farmers' incomes if it adjusted crop programmes or reached a multilateral accord to cut global production, according to a new economic study **reports Reuter from Washington.**

The analysis, by the Food and Agricultural Policy Research Institute, concluded that by curbing the use of generic (payment-in-kind) certificates and raising the acreage reduction requirement for maize, the Government could cut $2.5bn a year from federal farm spending, estimated at $24bn in 1987.

It also said that if the five largest grain producing countries agreed to cut plantings by 10 per cent US farm programme costs would be reduced $5bn a year and US exporters would be in a position to increase their share of world trade.

However, it said the US livestock industry could be hurt by the changes, grain stocks could be higher if fewer certificates were used, and US competitors would have little incentive to co-operate in co-ordinated output cuts.

NZ butter industry seeks UK support

BY BRIDGET BLOOM

THE LATEST offensive in New Zealand's continuing battle to maintain its share of the UK butter market was launched in London yesterday when the New Zealand Dairy Board announced a new advertising campaign aimed at enlisting the support of British farmers.

The board will try to convince farmers, and through them farmers' organisations and politicians, that the 74,000 tonnes of butter New Zealand is allowed to sell in Britain under special arrangements with the European Community is not a threat to British dairy farmers.

Advertisements in the UK farming press will attempt to counter "the vocal, rising and sometimes ill-informed criticism" among British farmers that the New Zealand sales diminish the quotas which the EC now imposes on milk production.

According to Mr Alan Pollock, London director of the Board, the *presence of Anchor* butter on the UK market has not affected British quotas "by one litre." Instead of criticising, British dairy farmers should instead join forces with New Zealand in its fight to prevent a further decline in butter sales.

The overall market for butter decerased by 16 per cent in the UK last year, Mr Pollock said, while margarine sales rose by a similar amount.

New Zealand first concluded an agreement to sell butter to the UK in 1973, when Britain joined the Community. The original agreement provided for *sales of 170,000 tonnes, though* the current agreement, which expires next year, allows exports of only 74,000 tonnes. Negotiations for a new agreement are expected to begin in August 1988.

Self-help in the Caribbean

BY CANUTE JAMES IN KINGSTON

THE COUNTRIES of the Commonwealth Caribbean are contemplating several programmes to increase food production in the hope of becoming net exporters rather than importers.

The problems they face have little to do with the availability of natural resources for improving agricultural output. They are more the result of long-standing structural problems in the sector.

The 13 countries which are members of the Caribbean Economic Community last year spent US$1bn importing food and other agricultural products, $40m more than they spent in 1985. The group's agricultural exports earned $500m.

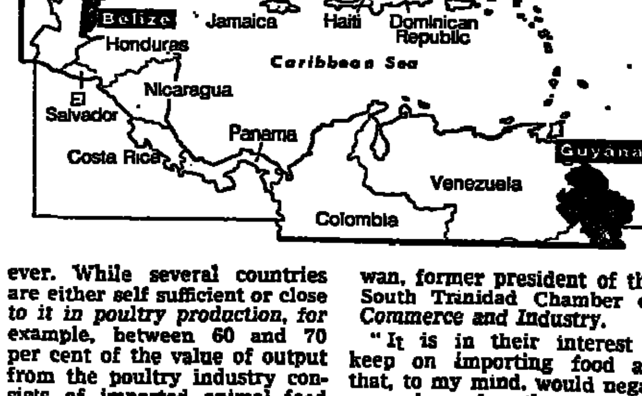
"These figures are, in my view, scandalous," comments Mr William Demas, president of the Caribbean Development Bank. "Most of the countries of the region have large amounts of unused and under-utilised land in the hands of both the public and the private sectors, co-existing with large volumes of unutilised manpower."

Several countries in the region have a long history in the production of commodities such as sugar and bananas for export, and all have significant numbers of small farmers. They are, consequently facing problems in developing extensive production of different. non-traditional crops both for export and for replacing imports.

"The Caribbean Community has agreed to increase the tariffs on several products, including beef, which are being imported from outside the region, but which can be supplied in substantial quantities by some members," reports Mr Hayden Blades, the Community's director of trade.

Mr Demas argues that the *group of countries, which has* a combined population of 5m, can use the "judicious restricting by governments," of many imported foods, such as fruits, vegetables, animal feedstuffs, while making efforts to increase production of local and regional substitutes.

This will not be easy, however. While several countries are either self sufficient or close *to it in poultry production, for* example, between 60 and 70 per cent of the value of output from the poultry industry consists of imported animal feed or its ingredients.



That much more can be achieved is indicated by the performance of the citrus industry in Belize. "The import content of the value of output does not exceed 15 or 20 per cent," claims Mr Demas.

"Local value added is relatively high, as reflected in the margin between the price paid to growers and the average selling price on the world market. In 1986/87 this margin was about $649 per tonne, based on a grower price of $1,071 per tonne and a concentrate price of $1,720 per tonne."

But *efforts to increase substantially* the region's food production must also take account of entrenched commercial interests in all the Community countries.

"Within the Caribbean, there is a very influential food import lobby, the commercial agents," says Mr Deen Saidwan, former president of the South Trinidad Chamber of *Commerce and Industry.*

"It is in their interest to keep on importing food and that, to my mind, would negate any plans for the increased utilisation of local foods. The food import lobby is more powerful than our local food producers. The importers have access to mass merchandising and mass media advertising."

The Community's common tariff on food imports from outside the organisation, has been accompanied by the removal of barriers to trade in farm products between community members. Farm Ministers believe Caribbean farmers are ready to increase significantly their output of livestock products, potatoes, peas and beans, rice, sorghum, maize and *groundnuts.*

There is scope for a significant increase in regional trading of farm products which at present accounts for less than half of one per cent of the value of the Community's agricultural imports. Only three members of the Community are able to offer significant expansion in agricultural output—Guyana with 215,000 square kilometeres and 900,000 people, Belize, 22,963 square kilometres and 145,000 people, and Jamaica the largest island member of the group.

Earlier efforts to establish large farms owned by several regional governments, located in Guyana and Belize, have not had an obvious impact on regional food output.

"The projects in Belize and Guyana are long term," explains Mr Blades. "They are pilot projects, in Belize particularly, to determine the levels of technology and the types of production systems which are needed. These efforts will have no immediate impact on regional food production."

Large tracks of arable land and favourable climatic condi-*tions, with a large pool of* labour having a long history of involvement in agriculture are not enough for financially strapped countries in the region dramatically to push food production.

"Belize and Guyana, given their large land sizes, present some special problems but also some significant opportunities," argues Mr Demas. "But the extent to which the substantial land resources in these countries could be exploited is largely dependent on heavy investments."

He contends, however: "Guyana alone could produce enough food for the entire region, and the smaller countries, such as the eastern Caribbean islands, could concentrate on small stock, on vegetables and on orchard fruit."

LONDON MARKETS

COPPER PRICES finished within a few pounds of last week's peaks on the London Metal Exchange yesterday, despite retreating from early highs. In the morning the market continued to reflect New York's strengthened *further upward impetus* was provided by fairly brisk demand from Japan. There was also fresh European buying and covering prompted by increasing concern about the Gulf situation, traders said. These factors combined to lift the three months position to £1,125 a tonne at one stage but in the afternoon as sterling picked up, there was general profit taking and the three months price ended only £7.75 up on the day at £1,118.25 a tonne. The cash position closed at £1,136.50 a tonne, adding £7.50 to Monday's £16.25 advance. The nickel market also maintained its recent strength, with the cash quotation gaining another £15 at £3,385 a tonne. Dealers said covering purchases and fresh buying were still being encouraged by a very tight supply situation, although the cash premium remained at a premium to the three months.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1710-20	+10	—

Official closing (am) Cash —— (——), three months 1,710-20 (1,697-1,707), settlement —— (——). Final Kerb close: 1,710-20. Ring Turnover: 50 tonnes.

99.5% purity	£ per tonne		
Cash	1168-70	—4.5	1178/1173.5
3 months	1074-4.5	+3.75	1077/1071

Official closing (am): Cash 1,172-4 (1,170-1), three months 1,075-6 (1,065-6), settlement 1,174 (1,171). Final Kerb close: 1,075-6. Ring Turnover: 22,500 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1136-7	+7.5	1145/1145
3 months	1118-8.5	+7.75	1125/1109

Official closing (am): Cash 1,143.5-4.5 (1,124.5-5.5), three months 1,124-5 (1,105.5-6), settlement 1,144.5 (1,125.5). Final Kerb close: 1,118-8.5.

Standard			
Cash	1136-7	+8	1137
3 months	1114-5	+6	—

Official closing (am): Cash 1,141-4 (1,122-4), three months 1,117-21 (1,103-5), settlement 1,144 (1,124). US Producer prices 80-86 cents a pound. Total Ring Turnover: 39,675 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	421-2	—1.5	427/421.5
3 Months	396-7	—4	404/395.5

Official closing (am): Cash 425-6 (431.5-2), three months 398-9 (405.5-6), settlement 426 (432). Final Kerb close: 397-8. Ring Turnover: 15,450 tonnes. US Spot: 38-42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3380-90	+15	3380/3375
3 months	3400-5	+13.5	3405/3385

Official closing (am): Cash 3,385-70 (3,355-60), three months 3,390-5 (3,375-80), settlement 3,370 (3,360). Final Kerb close: 3,400-5. Ring Turnover: 1,260 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	513-3.5	—1.75	
3 months	511-2	—	514/512

Official closing (am): Cash 515-16 (511-12), three months 514-16 (512-13), settlement 516 (512). Final Kerb close: 511-3. Ring Turnover: 8,675 tonnes. US Prime Western: 47.5-48.5 cents a pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.33 (16.44) ringgit per kg. Down 0.11.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—
	—	—	—
	—	—	—

		Calls Sept.	Calls Nov.	Puts Sept.	Puts Nov.
Aluminium 99.5%	1,675	—	—	8	67½
	1,700	60	51	16	82
	1,775	44½	43	—	—
Copper (Grade A)	1,725	—	—	19	67
	1,750	56	69½	28	79½
	1,800	30½	48	—	—
Copper (Grade A) £/tonne	1,075	—	—	4	23
	1,100	43	44½	8½	33½
	1,125	26½	33½	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	Aug 10	
Close	$460½-461	(£295-295½)
Opening	$463½-464	(£295-295½)
M'n'g fix	$463.20	(£294.525)
Aft'n'n fix	$461.20	(£295.905)
Day's high	$464-464½	—
Day's low	$459¾-460	—

GOLD AND PLATINUM COINS		
Am Eagle	$472½-477½	(£301-304)
Mapleleaf	$474-477	(£302-304)
Kr'g'r'nd	$460¾-463½	(£293¼-295½)
½ Krug	$239½-247½	(£152-157½)
¼ Krug	$118-126	(£76-80¼)
Angel	$472-475	(£300½-302½)
1/10 Angel	$46-51	(£29¼-32½)
New Sov.	$106½-109½	(£68-69¾)
Old Sov.	$108½-110	(£69-70)
Noble Plat.	$650-660	(£414-402¼)

JUTE

JUTE — August/September, c and f Dundee: BTC $530, BWC $520, BTD $450; c and f Antwerp: BTC $490, BWC $480, BWD $410, BTD $420.

INDICES

REUTERS

Aug. 11	Aug. 10	M'th ago	Yearago
1647.2	1661.0	1640.0	1459.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug. 10	Aug. 7	M'th ago	Year ago
Spot	128.10	128.19	—	118.05
Fut	128.63	128.02	—	116.44

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Aug. 11 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1650/650	+5	$1655/675
Copper			
Cash Grade A	£1136.5	+7.5	£1039
3 months	£1118.25	+7.75	£1025.75
Gold Troy oz	$460.75	+2.25	$447
Lead Cash	£421.5	—1.5	£410
3 months	£396.5	—4	£389.75
Nickel			
Free Mkt.	259/266c		214/234c
Palladium oz	$142.75	+1.5	$140.50
Platinum oz	$631.00	+8.5	$565.60
Quicksilver†	$270/275		$249/259
Silver troy oz.	498.35p	+4.85	476.65p
3 months	511.20p	+4.90	487.25p
Tin			
free Mkt.	£4170/200	—20	£4118/140
Tungsten	$53.69		$56.21
Wolfram 22.0lb.	$43/56		$48/35
Zinc	£513.25	—1.75	£528
3 months	£511.5		£512.5
producers	$860		$860
OILS			
Coconut (Phil)	$470x	+10	$460
Palm Malayan	$300v		$307.5
Seeds			
Copra (Phil)	$290x	+7.5	$305
Soyabean (U.S.)	$150.5x		$149
GRAINS			
Barley Fut. Nov.	£99.35	—0.30	£99.25
Maize	£155.50		£160.50
Wheat Fut. Nov.	£101.15	—0.30	£99.10
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1320.5	+10	£1376.5
Coffee Ft. Nov	£1290.5	—7	£1261.5
Cotton A Ind.*	84.40c	—0.75	82.95c.
Gas Oil Sept.	$166.0	—0.75	$169.5
Rubber (kilo)	70.25p		69p
Sugar (raw)	$152.2x	+3.8	$173
Wooltops 64s	498p kilo		479p kilo

SILVER

Silver was fixed 4.85p an ounce higher for spot delivery on the London bullion market at 498.35p. US cent equivalents of the fixing levels are: spot 781.50c, up 8.10c; three-month 795.50c, up 8.25c; six-month 809.90c, up 8c; and 839.40c, up 9c. The metal opened at 499½-501p (785-787c) and closed at 494-495½p (776-778c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	498.35p	+4.85	777c	+1
3 months	511.20p	+4.90	791.5c	+1.5
6 months	524.05p	+4.75	—	—
12 months	548.70p	+5.55	—	—

LME—Turnover: Nil (nil) lots of 10,000 ounces.

Three months final kerb 790-3c.

COFFEE

With a lack of renewed technical buying interest, Robustas closed slightly lower, reports Drexel Burnham Lambert. Early price-fixing steadied levels in quiet and thin trading. Renewed reports of a possibility of some frost damage in Brazil from last weekend temporarily boosted values but lack of follow-through as overhead trade selling absorbed the buying eased the market.

COFFEE	Yesterday close	+ or —	Business done
Sept.	1265-1267	—10.0	1280-1266
Nov	1290-1291	—7.0	1300-1287
Jan	1315-1316	—6.5	1325-1310
Mar.	1340-1342	—8.0	1345-1334
May	1360-1367	—9.0	1365-1359
July	1382-1387	—8.5	1390-1382
Sept.	1407-1412	—10.5	1415

Sales: 3,151 (4,471) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for August 10: Comp. daily 1979 96.86 (97.63); 15-day average 96.07 (same).

COCOA

In more active trading futures moved £10 higher and held the gains to the close. Some light second-hand physical interest was noted but producers and consumers were reluctant to trade at present levels, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
Sept.	1279-1280	+8.5	1280-1264
Dec.	1320-1321	+10.0	1322-1304
March	1350-1351	+10.0	1351-1333
May	1370-1371	+10.0	1372-1355
July	1391-1392	+10.0	1391-1375
Sept.	1409-1410	+9.0	1409-1394
Dec.	1429-1431	+7.5	1421-1417

Sales: 3,277 (1,582) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for August 11: 1,587.18 (1,570.57); 10-day average for August 12: 1,595.83 (1,597.98).

FREIGHT FUTURES

The market held steady throughout the day following a firm physical market. The BFI was raised 14 points to 1,074, the highest level since the end of May, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1187	1199/1185	1175/1175
Jan.	1186	1200/1185	1177
Apr.	1213	1215/1200	1187/1208
July	1070/1080	—	1045/1050
Oct.	1130	—	1100/1150
Jan.	1145	—	1125
April	1185	—	1175
BFI.	1074	—	106.0

Turnover: 214 (388).

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Sept 93.50, Oct 95.00, Nov 96.50. US No 2 Soft Red Winter: Sept 89.75, Oct 92.50, Nov 94.00. French 11½-12 per cent: Aug 121.50. English feed, fob: Oct 103.50, Oct/Dec 104.75 sellers, Jan/March 108.25-108.75 buyer/seller, April/June 113.50 seller. Maize: US No 3 Yellow / French, transhipment East Coast: Aug 155.50. Barley: English feed: Aug 97.25 seller, Sept 99.25 buyer, Oct/Dec 104.75 seller, Jan/March 107.50 buyer.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Sep.	99.45	+0.15	96.45	—0.20
Nov.	101.15	—0.30	99.35	—0.38
Jan.	104.00	—0.15	102.15	—0.35
Mar.	106.70	—0.35	104.65	—0.55
May	109.30	—0.55	106.45	—0.45
July	111.90	—0.15	—	—

Business done—Wheat: Sept 99.40-9.25, Nov 101.35-1.15, Jan 104.00, March 106.80-6.70, May 109.35-9.25, July untraded. Sales: 90 lots of 100 tonnes. Barley: Sept 96.50, Nov 99.50-9.30, Jan 102.35-2.15, March 104.90-4.70, May untraded. Sales: 104 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed Barley: S. East, S. West 90.80, W. Midlands 91.80, N. West 92.00. The UK monetary coefficient for the week beginning Monday August 17 (based on HGCA calculations using five days' exchange artes) is expected to remain unchanged.

Wheat opened unchanged before running into light shipper and country hedge selling which eased values 5-30p, except for September which remained steady at 10p up. Barley also encountered modest pressure from shipper and country hedge selling although country buying was noted at lower levels together with barley/wheat switching, reports T. G. Roddick.

POTATOES

The market showed good support around overnight levels but continued selling pressure as April neared £130 eventually moved levels back to show minimal change, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	89.40	89.90	90.00-89.00
Feb.	97.50	98.00	99.00
March	86.30	86.80	86.00
Apr.	128.00	128.00	129.50-127.60
May	141.20	141.00	141.50-141.00

Sales: 525 (372) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) August		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.45-17.55*	—0.075
Brent Blend	19.35-19.45	—
W.T.I. (1pm edt)	20.80-20.85*	—
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	194-196	—8
Gas Oil	162-164	—1
Heavy fuel Oil	109-110	—1
Naphtha	166-169	—2½

* September Petroleum Argus estimates.

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
August	122.2-127.9	+0.65	—
October	126.5-127.5	—0.25	126.5
Dec.	126.6-127.6	—0.15	126.0
Feb.	128.0-128.8	+0.15	—
April	128.8-128.8	—0.38	—
June	126.5-127.8	—0.10	—
August	127.5-127.3	—0.55	—

Sales: 40 (3) lots of 20 tonnes.

US MARKETS

LOCAL AND TRADE buying due to the South African mining strike rallied platinum but liquidation across the board pared early gains, reports Drexel Burnham Lambert. Buying by the trade based on the Persian Gulf situation and mining strike firmed gold prices. However, the trade showed a reluctance to keep positions overnight, liquidating near the highs. Trade and local buying rallied silver before profit-taking pared gains. A technical sell-off early in the session eased crude prices but strong trade support firmed the market. Good fund buying throughout the session advanced copper prices while general profit-taking acted as resistance. After fund and local buying steadied the sugar trade selling caused local liquidation which eased prices. Coffee eased slightly on local and fund selling while the trade supported the market. Commission house, speculative and local buying in the face of trade and arbitrage scale-up selling firmed the cocoa market. Heavy trade buying despite the pending crop report lifted cotton prices. In the grains light local short-covering ahead of yesterday's crop production report steadied the markets slightly. Pork bellies futures were limit-down due to a weak cash market as fresh bellies dragged down the frozen bellies. Hogs were lower pressured by a larger slaughter and anticipation of weaker cash markets. Cattle was a little stronger

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
August	77.60	77.10	—	—
Sept	77.60	77.10	—	—
Oct	77.10	76.60	—	—
Dec	76.60	76.10	76.60	76.60
Jan	76.10	75.60	—	—
March	75.60	75.10	—	—
May	71.10	70.60	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	1923	1894	1927	1897
Dec	1927	1902	1936	1905
March	1962	1932	1963	1952
May	1985	1958	1985	1970
July	2008	1990	2010	1990
Sept	2028	2008	2020	2020
Dec	2053	2033	2050	2045

COFFEE "C 2" 37,500 lb, cents/lb

	Close	Prev	High	Low
Dec	107.30	107.55	107.95	107.10
March	110.75	111.00	111.50	110.75
May	113.00	113.25	113.75	113.00
July	115.00	115.38	115.50	114.55
Sept	116.88	117.00	117.50	117.00
Dec	118.70	117.45	119.00	118.40

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
August	79.60	78.80	—	—
Sept	79.40	78.60	79.45	78.60
Oct	78.85	78.10	—	—
Dec	77.85	77.05	77.90	77.20
Jan	77.20	76.45	77.05	76.75
March	75.90	75.30	75.95	75.50
May	75.35	74.75	75.40	74.75
July	75.00	74.40	74.90	74.70
Sept	75.00	74.40	—	—
Dec	75.00	74.45	74.80	74.80

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
Oct	76.36	76.00	77.40	75.81
Dec	75.37	75.15	76.20	75.00
March	76.36	75.92	77.00	75.90
May	76.77	76.45	77.40	76.50
July	77.40	76.27	77.50	76.50
Oct	70.13	69.80	70.40	70.25
Dec	68.13	68.13	68.25	68.00

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Sept	20.65	20.73	20.89	20.53
Oct	20.64	20.49	20.64	20.31
Nov	20.47	20.40	20.47	20.21
Dec	20.40	20.34	20.40	20.17
Jan	20.29	20.31	20.30	20.16
Feb	20.22	20.29	20.30	20.15
March	20.20	20.28	20.32	20.15
April	20.20	20.28	20.28	20.10
May	20.15	20.28	20.30	20.15
June	20.15	20.28	20.30	20.13

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Aug	464.2	460.4	464.4	460.0
Sept	466.0	462.3	464.5	462.5
Oct	468.6	464.9	469.4	463.6
Dec	474.2	470.6	475.0	469.5
Feb	480.0	476.4	481.0	476.5
April	485.8	482.2	486.0	482.5
June	491.8	488.2	491.0	490.0
Aug	498.1	494.5	497.8	493.0
Oct	504.6	501.0	505.8	503.5
Dec	511.1	507.5	507.0	507.0
Feb	517.9	514.2	514.0	514.0
June	531.5	527.9	530.0	530.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Sept	54.60	54.01	54.60	53.40
Oct	55.20	54.74	55.20	54.30
Nov	56.75	55.42	55.75	55.10
Dec	56.60	56.18	56.60	55.90
Jan	58.00	56.68	56.85	56.50
Feb	57.20	57.05	57.20	56.00
March	55.65	55.60	55.65	55.40
April	54.45	54.45	54.46	54.20
May	53.55	53.45	53.55	53.55
June	52.75	53.20	52.78	52.75

ORANGE JUICE 15,000 lbs, cents/lb

	Close	Prev	High	Low
Sept	129.10	128.65	129.35	128.90
Nov	125.10	124.90	125.25	124.90
Jan	123.00	122.75	123.30	122.50
March	123.25	122.95	123.30	122.80
May	123.60	123.10	123.60	123.50
Sept	123.85	123.35	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Oct	637.4	629.2	642.8	632.8
Jan	644.5	636.2	648.0	640.0
April	651.5	643.2	653.5	648.5
July	658.5	650.2	660.0	656.0
Oct	666.0	657.7	664.0	664.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Aug	782.4	772.7	798.0	788.0
Sept	785.5	776.0	794.0	777.0
Oct	790.6	780.3	—	—
Dec	800.7	790.9	808.5	792.0
Jan	805.2	795.3	—	—
March	816.0	805.9	822.0	808.0
May	826.6	816.5	—	—
Sept	849.3	839.3	845.0	845.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Sept	5.91	5.97	6.30	5.85
Oct	6.12	6.17	6.19	6.11
Jan	6.56	6.50	6.56	6.56
March	6.84	6.87	6.89	6.83
May	7.02	7.02	7.06	6.98
July	7.16	7.17	7.17	7.10
Oct	7.33	7.37	7.34	7.32
Jan	7.63	7.67	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	65.77	65.50	66.10	65.32
Oct	64.62	64.37	64.92	64.07
Dec	65.70	65.55	66.02	65.30
Feb	66.27	65.27	66.56	64.95
April	66.20	65.15	66.40	65.90
June	65.60	65.45	65.70	65.20
August	63.25	63.05	63.50	63.10

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
August	57.25	57.67	57.32	56.90
Oct	47.75	48.70	48.65	47.50
Dec	46.67	47.55	47.80	46.25
Feb	45.12	45.90	45.80	45.05
April	42.40	42.55	42.80	42.35
June	43.80	43.85	44.10	43.65
August	42.77	42.82	43.05	42.75

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
Sept	153.6	153.0	154.0	153.2
Dec	165.4	165.0	166.0	165.0
March	175.4	175.0	175.6	175.0
May	180.2	180.4	181.0	180.0
July	182.2	182.2	183.2	182.0
Sept	182.2	182.2	183.0	182.2
Dec	188.4	189.0	189.0	188.2

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
August	90.10	92.10	90.30	90.10
Feb	64.00	66.00	66.25	64.00
March	63.72	65.72	65.50	63.72
May	64.00	65.40	65.95	64.00
July	63.70	64.80	63.80	63.70

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
Aug	519.4	517.2	520.0	517.4
Sept	504.2	501.0	505.0	501.4
Nov	501.0	497.2	502.0	498.2
Jan	507.2	503.6	507.6	504.4
March	513.4	511.0	514.0	510.4
May	518.4	514.0	519.0	516.0
July	519.4	515.4	520.4	517.4
Aug	515.4	512.0	518.0	514.4

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
Aug	163.7	162.6	163.9	162.5
Sept	157.9	157.2	158.0	156.9
Oct	154.0	153.1	154.2	153.3
Dec	152.1	151.5	152.5	151.7
Jan	151.7	151.1	152.0	151.0
March	150.8	150.5	151.5	150.5
May	151.0	150.5	151.0	150.0
July	151.0	149.7	151.0	150.9
Aug	149.5	149.0	149.0	150.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	15.69	15.48	15.70	15.48
Sept	15.68	15.51	15.73	15.53
Oct	15.82	15.65	15.86	15.65
Dec	16.15	15.96	16.18	15.98
Jan	16.26	16.13	16.33	16.15
March	16.60	16.41	16.60	16.47
May	16.79	16.62	16.80	16.65
July	16.95	16.80	16.95	16.85
Aug	16.85	16.70	16.80	16.80
Sept	16.90	16.75	16.95	16.86

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
Sept	257.6	253.2	258.0	254.4
Dec	283.4	279.2	283.6	279.6
March	291.2	287.0	291.2	288.2
May	291.0	288.2	292.0	288.4
July	281.0	280.4	282.0	279.4
Sept	284.0	283.4	—	—

SPOT PRICES: Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 775.5 (772.0) cents per troy ounce. New York tin 303-307 (305-310) cents per pound.

SUGAR

LONDON DAILY PRICE—Raw sugar $156.20 (£99.60), up $3.80 (up £2.00) a tonne for Aug/Sept delivery. White sugar $177.40, up $2.40.

No. 6 Contract	Yesterd's close	Previous close	Business done
	$ per tonne		
Oct.	157.6-157.8	158.4-158.6	159.4-157.7
Dec.	142.8-145.0	142.8-145.8	—
Mar.	152.8-153.0	153.6-153.8	154.4-152.8
May	156.4-157.2	157.4-158.0	157.8
Aug.	160.6-161.2	160.0-162.0	161.8
Oct.	163.0-165.4	165.0-166.0	166.8-163.0
Dec.	166.0-168.8	169.0-170.0	—

Sales: 1,703 (1,431) lots of 5 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £203.50 (£202.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for August 10: Daily price 5.82 (5.71); 15-day average 5.67 (5.69).

PARIS—(FFr per tonne): Oct 1104-1106, Dec 1123-1128, March 1169-1170, May 1196-1200, Aug 1228-1235, Oct 1262-1267.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
Sept.	164.25	—0.25	164.25-62.50
Oct	166.00	—0.75	166.50-64.50
Nov.	168.00	—0.75	168.50-66.50
Dec.	170.25	—0.50	170.25-69.00

Turnover: 4,002 (6,552) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.45p per kg lw (−0.24). GB—Sheep 191.42p per kg est dcw (−13.18). GB—Pigs 74.72p per kg lw (+1.08).

FUTURES—Live cattle: 98.50. Sales: 5. Pigs: Nov 103.00. Sales: 1.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 70.25p (same): Sept 69.50p (same): Oct 69.75p (same). The Kuala Lumpur fob prices (Malay/Singapore cents) per kg was RSS No 1 258.0; SMR 20 222.5.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound higher

THE DOLLAR maintained its recent strength on the foreign exchanges yesterday, without any sign of intervention by the US Federal Reserve or West German Bundesbank.

Recent central bank intervention to limit the dollar's rise has been only modest, prompting comments that an early rise to DM 1.90 is likely.

Fears that the US will be sucked into the Gulf war, following recent news that a US Navy jet fired at an Iranian aircraft at the weekend, and that a US owned tanker hit a mine in the previously regarded safe Sea of Oman, continued to underpin the dollar.

The next major test for the US currency is likely to be on Friday, when several economic statistics are released, including the June US trade figures.

A factor helping to keep the dollar firm at present is the expectation of an improvement over the May deficit if $14.4bn, with most forecasters looking for a figure of around $13bn.

The dollar rose to DM 1.8975 from DM 1.8935; to FFr 6.3275 from FFr 6.3175; to SFr 1.5765 from SFr 1.5730; and to Y151.70 from Y151.10.

On Bank of England figures the dollar's index was unchanged at 105.1.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. July average 1.6096. Exchange rate index rose 0.3 to 72.2, compared with 68.5 six months ago.

Sterling had a rather volatile day, but finished firmer, following a reduction in the UK trade and balance of payments deficit.

The pound was helped in early trading by Monday's better than expected producer price index, pushing sterling up to $1.5715 and DM 2.9725. The confident mood continued, until immediate reaction to the June UK trade figures was disappointing. The pound was as high as $1.5735 in the morning, but fell back to $1.5655 on news of a £768m trade and £168m current account deficit, even though this was in line with most forecasts. Sterling also fell from DM 2.9775 to DM 2.9675 on the figures.

The recovery followed relief in London's financial markets that the trade figures were a considerable improvement over May's and the pound improved to close ¼ cent higher at $1.5695-1.5705. It also rose to DM 2.98 from DM 2.9675; to FFr 9.9350 from FFr 9.9025; to SFr 2.4750 from SFr 2.4650; and to Y238.25 from Y236.75.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. July average 1.8480. Exchange rate index 145.4 against 148.6 six months ago.

The D-Mark closed unchanged against the dollar in Frankfurt yesterday, after drifting aimlessly in the afternoon. The dollar finished at DM 1.8955, as fear of substantial interventon by central banks tended to fade, but the market failed to summon up the strength for an attack on DM 1.90.

There were no new factors but the dollar remained in demand.

The Bundesbank was not seen in the open market and did not intervene at the Frankfurt fixing as the dollar rose to DM 1.8958 from DM 1.8908. The central bank sold dollars at the fixings on Friday and Monday.

The Danish kroner, which has been the subject of devaluation rumours within the EMS, lost further ground against the D-mark.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 148.35. July average 150.25. Exchange rate index 214.1 against 208.6 six months ago.

The yen remained little changed against the dollar in Tokyo. Tension in the Middle East underpinned the dollar, but selling appeared when the US currency reached Y151.30. The dollar closed at Y151.15 compared with Y151.45 on Monday.

Dealers said demand for the dollar this week is likely to be determined by the scale of Japanese buying at the US Treasury's quarterly refunding auctions.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0979	—	—	± 1.5344
Danish Krone	7.85212	7.95179	—	—	± 1.6404
German D-Mark	2.05853	2.07417	—	—	± 1.0981
French Franc	6.90403	6.91930	—	—	± 1.3674
Dutch Guilder	2.31943	2.33538	—	—	± 1.5012
Irish Punt	0.768411	0.774357	—	—	± 1.6684
Italian Lira	1483.58	1503.23	—	—	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

August 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5655-1.5735	1.5695-1.5705	0.44-0.41c pm	3.25	1.22-1.17 pm	3.04
Canada	2.0811-2.0900	2.0855-2.0865	0.18-0.09c pm	0.78	0.52-0.40 pm	1.00
Netherlands	3.34-3.36	3.35-3.36	1½-1¼c pm	4.69	4⅛-3¾pm	4.69
Belgium	61.63-61.93	61.70-61.80	22-15c pm	3.60	61-50 pm	3.60
Denmark	11.35½-11.44	11.42½-11.43½	1¼pm-¾ore dis	−0.79	par-1⅛ dis	−0.28
Ireland	1.1072-1.1127	1.1115-1.1125	par-0.10p dis	−0.54	par-0.20 dis	−0.36
W. Germany	2.96¾-2.98½	2.97½-2.98½	1⅝-1½pf pm	6.04	4⅝-4¼ pm	5.96
Portugal	231.06-232.66	231.65-232.65	55-122c dis	−4.58	243-338dis	−4.93
Spain	201.37-202.17	201.89-202.17	86-118c dis	−6.06	197-246 dis	−4.39
Italy	2151½-2162	2156-2157	2-6lire dis	−2.23	8-13 dis	−1.95
Norway	10.80½-10.86	10.82-10.83	3⅞-4⅝ore dis	−4.43	9⅞-11¼ dis	−3.90
France	9.90-9.94	9.93-9.94	1⅞-1⅜c pm	1.96	4⅝-3⅝pm	1.66
Sweden	10.32½-10.36½	10.34½-10.35½	¾-par ore pm	0.51	1⅛-⅜ pm	−0.19
Japan	237½-238¾	237¾-238¾	1⅜-1¼ yen pm	6.30	3⅞-3¾ pm	5.99
Austria	20.85-20.97	20.94-20.97	10⅞-9½ gro pm	5.76	30⅞-28⅛pm	5.58
Switzerland	2.46¼-2.48	2.47-2.48	1½-1¼ c pm	6.67	4-3⅞ pm	6.16

Belgian rate is for convertible francs. Financial franc 62.00-62.10. Six-month forward dollar 2.30-2.25 c pm. 12-month 3.95-3.85 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Aug. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5655-1.5735	1.5695-1.5705	0.44-0.41c pm	3.25	1.22-1.17 pm	3.04
Ireland†	1.4110-1.4156	1.4120-1.4130	0.33-0.23c pm	2.38	1.05-0.95 pm	2.83
Canada	1.3275-1.3300	1.3290-1.3300	0.26-0.29c dis	−2.48	0.71-0.74 dis	−2.18
Netherlands	2.1260-2.1365	2.1355-2.1365	0.29-0.25c pm	1.52	0.87-0.84pm	1.60
Belgium	39.20-39.45	39.30-39.40	3pm-par	0.46	8-3 pm	0.56
Denmark	7.21½-7.28¾	7.27¾-7.28¼	1.45-2.15ore dis	−2.97	6.00-6.70 dis	−3.49
W. Germany	1.8890-1.8980	1.8970-1.8980	0.47-0.44pf pm	2.88	1.41-1.36pm	2.92
Portugal	147¾-148¾	148-148¾	50-150c dis	−8.13	250-400 dis	−8.80
Spain	128.34-128.70	128.55-128.65	85-105c dis	−8.86	215-245 dis	−7.15
Italy	1368½-1375½	1373¾-1373¾	5.70-6.70lire dis	−5.42	16.00-18.00dis	−4.95
Norway	6.89-6.90¾	6.89¾-6.89¾	4.10-4.60ore dis	−7.56	11.80-12.30dis	−6.98
France	6.29¾-6.33	6.32½-6.33	0.62-0.72c dis	−1.27	2.05-2.55 dis	−1.39
Sweden	6.58-6.59¾	6.59-6.59½	1.30-1.60ore dis	−2.64	4.55-4.95 dis	−2.88
Japan	151.05-151.85	151.65-151.75	0.44-0.41y pm	3.36	1.15-1.10 pm	2.97
Austria	13.28-13.33¾	13.33¾-13.33¾	3.50-2.50gro pm	2.70	9.50-7.50 pm	2.55
Switzerland	1.5690-1.5770	1.5760-1.5770	0.49-0.44c pm	3.54	1.28-1.23 pm	3.19

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.65-39.75.

EURO-CURRENCY INTEREST RATES

Aug. 11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9¾-9½	9¾-9½	9 13/16-9 11/16	10 3/16-10 1/16	10¼-10 3/16	10½-10⅜
U.S. Dollar	6 7/16-6 5/16	6⅝-6½	6¾-6⅝	7-6⅞	7¼-7⅛	7¾-7⅝
Can. Dollar	9-8¾	9-8¾	8⅞-8⅝	9 5/16-9 1/16	9¾-9½	9 15/16-9 11/16
D. Guilder	5¼-5	5 5/16-5 3/16	5¼-5⅛	5⅜-5¼	5 7/16-5 5/16	5 9/16-5 7/16
Sw. Franc	1¾-1⅛	1⅞-1⅜	3⅞-3⅝	3⅞-3⅝	4-3⅞	4⅛-4
Deutschmark	3 13/16-3 11/16	3 13/16-3 11/16	3 13/16-3 11/16	4 1/16-3 15/16	4⅛-4¼	4 5/16-4 3/16
Fr. Franc	7¾-7⅝	7⅞-7⅝	7 13/16-7 11/16	8 5/16-8 3/16	8 13/16-8 11/16	9 5/16-9 3/16
Italian Lire	13-11	11¾-10	12¼-11¾	12¼-11¾	12⅛-11⅝	12⅛-11⅝
B. Fr. (Fin.)	6 9/16-6 7/16	6½-6¼	6½-6⅜	6⅞-6½	6⅞-6⅝	7¾-7⅛
B. Fr. (Con.)	6½-6	6 9/16-6⅜	6 9/16-6⅜	6 13/16-6⅝	6⅞-6 9/16	7 5/16-7
Yen	3⅞-3 9/16	3⅝-3⅜	3 11/16-3⅝	4⅛-4	4¼-4 3/16	4½-4⅜
D. Krone	—	10-9½	10⅛-9¾	10⅞-9¾	11⅛-10½	11⅛-10½
Asian $Sing.	4½-4⅜	N/A	4⅝-4½	4 9/16-4 7/16	4 9/16-4 7/16	4⅞-4¾

Long-term Eurodollars: Two years 8⅛-8⅛ per cent; three years 8⅞-8⅝ per cent; four years 9⅛-8⅞ per cent; five years 9⅛-9 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug. 11	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.570	2.980	238.3	9.935	2.475	3.355	2157.	2.087	61.75
$	0.637	1.	1.896	151.8	6.328	1.576	2.137	1374.	1.329	39.33
DM	0.336	0.527	1.	79.95	3.334	0.831	1.126	723.7	0.700	20.72
YEN	4.197	6.590	12.51	1000.	41.70	10.39	14.08	9051.	8.761	259.2
F Fr.	1.007	1.580	2.999	239.8	10.	2.491	3.377	2171.	2.101	62.15
S Fr.	0.404	0.634	1.204	96.26	4.014	1.	1.356	871.3	0.843	24.95
H Fl.	0.298	0.468	0.888	71.01	2.961	0.738	1.	642.8	0.622	18.41
Lira	0.464	0.726	1.382	110.5	4.607	1.148	1.556	1000.	0.968	28.63
C $	0.479	0.752	1.426	114.1	4.760	1.186	1.607	1033.	1.	29.59
B Fr.	1.619	2.543	4.826	385.8	16.09	4.008	5.433	3492.	3.380	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

£ IN NEW YORK

Aug. 11	Latest	Previous Close
£ Spot	1.5685-1.5690	1.5695-1.5705
1 month	0.44-0.42 pm	0.42-0.40 pm
3 months	1.25-1.22 pm	1.24-1.22 pm
6 months	3.90-3.80 pm	3.95-3.85 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Aug 11	Previous
8.30 am	72.2	71.8
9.00 am	72.2	71.8
10.00 am	72.2	71.9
11.00 am	72.2	71.9
Noon	72.1	72.0
1.00 pm	72.0	72.0
2.00 pm	72.1	71.9
3.00 pm	72.1	71.9
4.00 pm	72.2	71.9

CURRENCY RATES

Aug. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.799924	0.697835
U.S. Dollar	5.5	1.2529	1.09386
Canadian $	8.75	*	1.45384
Austrian Sch.	4	16.6483	14.5822
Belgian Franc	7¾	49.1881	43.0979
Danish Krone	7	9.0409	7.95179
Deutsche Mark	3.0	2.5690	2.07417
Neth. Guilder	4½	2.66866	2.33538
French Franc	9½	7.9070	6.91930
Italian Lira	11.5	N/A	1503.23
Japanese Yen	2½	190.06	166.047
Norway Krone	8	8.64369	7.55472
Spanish Peseta	—	160.808	140.670
Swedish Krona	7½	8.25028	7.21508
Swiss Franc	3.5	1.96829	1.72392
Greek Drach.	20½	178.974	156.651
Irish Punt	—	0.885622	0.774357

*C$/SDR rate for Aug. 10; 1.66471.

CURRENCY MOVEMENTS

Aug. 11	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.2	−21.2
U.S. Dollar	105.1	−2.5
Canadian Dollar	79.1	−9.9
Austrian Schilling	136.0	+10.0
Belgian Franc	99.0	−5.0
Danish Krone	90.0	+0.8
Deutsche Mark	145.4	+21.0
Swiss Franc	170.1	+21.8
Guilder	133.6	+14.0
French Franc	70.8	−13.3
Lira	46.6	−18.8
Yen	214.1	+59.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Aug. 11	£	$
Argentina	3.1845-3.1995	2.0310-2.0390
Australia	2.2390-2.2360	1.4355-1.4265
Brazil	72.7600-73.1700	46.4040-46.6360
Finland	7.1705-7.1830	4.5805-4.5825
Greece	222.70-226.60	141.75-144.15
Hong Kong	12.2460-12.2560	7.8100-7.8110
Iran	115.20*	73.00*
Korea (Sth)	1263.95-1275.40	805.40-812.00
Kuwait	0.41810-0.41860	0.28570-0.28580
Luxembourg	61.55-61.65	39.25-39.35
Malaysia	3.9895-3.9945	2.5445-2.5460
Mexico	2270.45-2273.50	1448.00-1449.00
N. Zealand	2.6980-2.7030	1.7220-1.7240
Saudi Ar.	5.8820-5.8865	3.7500-3.7505
Singapore	3.3075-3.3115	2.1100-2.1110
S. Af. (Cm)	3.2950-3.3075	2.0985-2.1030
S. Af. (Fn)	5.3130-5.4995	3.3900-3.5090
Taiwan	47.40-47.65	30.20-30.30
U.A.E.	5.7605-5.7655	3.6725-3.6735

*Selling rate

FINANCIAL FUTURES

Gilts finish on firmer note

LONG TERM gilt futures finished firmer after reacting with confusion to the June UK trade figures. The contract fell on the figures, when a trade of 116 was reported at 115, sending the market lower, until the mistake was detected and trades below 115-05 were disqualified.

September gilts recovered to finish over 1 point higher on the day. After opening firm at 116-07 the contract rose to a high of 116-30, but then fell sharply to 115-05 on news of a trade deficit of £768m, and a current account deficit of £168m, even though this was in line with the general level of City forecasts.

The contract improved again in the afternoon, to a high of 116-31, before closing at 116-26, compared with 115-25 previously.

US Treasury bond futures also finished firmer on the day, but traded quietly, ahead of the US Treasury's quarterly refunding auctions, amid fears that Japanese demand at tomorrow's 30-year bond auction will not be strong. US credit markets were also subdued overnight, with a fall in oil prices considered insufficient to offset other factors causing higher inflation.

September bonds opened at 89-03, the day's low and rose to a peak of 89-22, before finishing at 89-18, against 89-07 on Monday.

Japanese Government bonds weakened after another depressed day in Tokyo. The Japanese Finance Ministry attempted another support operation for the bond market, buying about Y20bn of 10-year bonds, but the market failed to respond, with dealers commenting there was a reluctance to trade ahead of US and Japanese Government bond auctions.

On Liffe September bonds fell to 102.80 from 103.98.

We regret that some tables below have not been updated for this edition.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
112	3.60	5.22	0.10	1.30
114	2.16	4.04	0.30	2.12
116	0.60	2.61	1.10	3.05
118	0.20	2.04	2.34	4.12
120	0.05	1.26	4.19	5.34
122	0.01	1.01	6.15	7.09
124	0.00	0.38	8.14	8.46
126	0.00	0.27	10.14	10.35

Estimated volume total, Calls 2,067 Puts 1,437
Previous day's open int: Calls 38,075 Puts 24,593

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
82	7.14	6.46	0.00	0.30
84	5.15	5.08	0.01	0.56
86	3.22	3.48	0.08	1.32
88	1.42	2.40	0.28	2.24
90	0.34	1.37	1.20	3.21
92	0.09	0.61	2.59	4.45
94	0.01	0.35	4.51	6.19
96	0.00	0.19	6.50	8.03

Estimated volume total, Calls 20 Puts 50
Previous day's open int: Calls 1,975 Puts 2,310

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Aug.	Calls-Last Sept.	Puts-Last Aug.	Puts-Last Sept.
22750	2.09	4.85	4.34	7.10
23000	1.29	3.86	6.04	8.61
23250	0.75	3.03	8.00	10.28
23500	0.41	2.35	10.16	12.10
23750	0.21	1.79	12.46	14.04
24000	0.10	1.34	14.85	16.09
24250	0.04	0.99	17.29	18.24
24500	0.02	0.72	19.77	20.47

Estimated volume total, Calls 24 Puts 27
Previous day's open int: Calls 419 Puts 288

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec
1.45	—	11.45	11.45	11.45	—	0.01	0.14	0.67
1.50	6.45	6.45	6.45	6.62	0.00	0.17	0.74	1.81
1.55	1.60	2.30	2.95	3.70	0.23	1.31	2.41	3.89
1.60	0.02	0.46	1.05	1.80	3.65	4.47	5.51	6.99
1.65	0.00	0.04	0.27	0.76	8.63	9.05	9.73	10.95
1.70	0.00	0.00	0.05	0.28	13.63	14.01	14.51	15.47
1.75	0.00	0.00	—	0.09	18.63	19.01	—	20.28

Estimated volume total, Calls 0. Puts 50
Previous day's open int. Calls 306 Puts 1,571

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.45	—	12.70	—	12.90	—	1.50	—	2.70
1.50	9.80	9.80	9.80	9.80	0.20	0.25	0.65	1.10
1.55	4.80	3.45	5.20	5.80	0.35	1.00	1.40	2.35
1.60	0.40	1.05	2.40	3.10	2.30	3.45	3.45	4.70
1.65	0.20	0.45	0.90	1.85	7.50	7.85	7.00	9.20
1.70	0.20	0.20	0.35	0.65	12.55	11.00	11.40	12.10
1.75	0.35	0.50	—	1.20	14.80	15.30	—	16.50

Previous day's open int: Calls 1,046 Puts 163
Volume: 11

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.600	—	0.35	0.90	1.56	2.75	3.65	4.80	5.85
1.625	—	0.05	0.45	0.95	5.50	6.00	6.90	8.00
1.650	—	0.05	0.20	0.60	7.70	8.30	9.00	9.90
1.675	—	—	0.05	0.35	10.50	10.90	11.30	12.10
1.700	—	—	0.05	0.20	13.00	13.30	—	14.40
1.725	—	—	0.05	0.15	15.50	15.90	13.70	16.80
1.750	—	—	—	0.10	18.00	18.30	—	19.20

Previous day's open int: Calls 106,507. Puts 78,840
Previous day's volume: Calls 6,022. Puts 4,538

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.50	1.30	0.91	0.80	0.75	0.00	0.11	0.33	0.55
91.75	1.05	0.72	0.61	0.62	0.00	0.17	0.39	0.67
92.00	0.81	0.54	0.46	0.50	0.01	0.24	0.49	0.80
92.25	0.56	0.37	0.36	0.39	0.01	0.32	0.64	0.94
92.50	0.33	0.25	0.27	0.30	0.03	0.45	0.80	1.10
92.75	0.13	0.16	0.19	0.22	0.08	0.61	0.97	1.27
93.00	0.04	0.09	0.13	0.16	0.24	0.79	1.16	1.46

Previous day's open int: Calls 2,026 Puts 2,833
Estimated volume, Calls 66 Puts 50

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	115.25	116.00	114.25	115.23
Dec.	115.28	115.29	115.10	115.26

Estimated volume 20886 (33,561)
Previous day's open int. 32,987 (34,105)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sept.	103.98	104.33	103.91	104.33
Dec.	103.58	—	—	103.93

Estimated Volume 523 (841)
Previous day's open int. 636 (875)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	89.59	89.63	89.52	89.64
Dec.	89.50	89.50	89.43	89.58
March	89.59	89.58	89.51	89.63
June	89.61	89.60	89.51	89.61
Sept.	89.53	89.52	89.49	89.53
Dec.	89.30	—	—	89.45

Estimated Volume 5,558 (7123)
Previous day's open int. 16,562 (17,480)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	225.25	225.40	222.20	223.90
Dec.	229.75	228.50	227.00	228.40

Estimated volume 2,155 (3,586)
Previous day's open int. 6,972 (7,001)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.80	92.81	92.76	92.74
Dec.	92.30	92.32	92.26	92.25
March	91.97	92.00	91.96	91.94
June	91.70	91.73	91.70	91.68
Sept.	91.47	—	—	91.46
Dec.	91.27	—	—	91.26
Mar.	91.08	—	—	91.07
June	90.90	—	—	90.89

Estimated volume 4,478 (3,859)
Previous day's open int. 30,970 (31,195)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	89-07	89-18	88-30	88-27
Dec.	88-08	—	—	87-28

Estimated Volume 6,162 (7,112)
Previous day's open int. 7,760 (7,158)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sept.	89-19	89-09	89-22	89-06
Dec.	88-20	88-09	88-22	88-06
Mar.	87-23	87-18	87-24	87-08
June	86-26	86-22	86-26	86-12
Sep.	86-02	85-28	86-04	85-18
Dec.	85-12	85-05	85-15	83-26
Mar.	84-23	84-23	84-24	84-04
June	—	—	—	83-16
Sept.	—	—	—	82-29
Dec.	—	—	—	82-12
Mar.	—	—	—	81-28

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	94.06	94.08	94.05	94.03
Dec.	93.72	93.73	93.68	93.66
Mar.	93.42	93.42	93.37	93.35
Jun.	—	93.14	—	93.09
Sept.	—	—	—	92.86
Dec.	—	—	—	92.68
Mar.	—	—	—	92.49

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6363	0.6371	0.6358	0.6377
Dec.	—	0.6418	0.6406	0.6426
Mar.	—	—	0.6463	0.6489
June	—	—	—	0.6551

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.6609	0.6619	0.6603	0.6638
Dec.	0.6657	0.6665	0.6653	0.6686
Mar.	—	—	—	0.6740
June	—	—	—	0.6798

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5286	0.5292	0.5283	0.5297
Dec.	—	0.5330	0.5330	0.5336
Mar.	0.5365	0.5369	0.5365	0.5378

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	92.87	92.88	92.84	92.83
Dec.	92.40	92.41	92.35	92.33
Mar.	92.05	92.06	92.02	91.99
June	91.75A	91.77	91.73	91.70
Sept.	91.49	91.51	91.49	91.46
Dec.	91.28	91.30	91.28	91.25
Mar.	91.08	91.11	91.08	91.06
June	90.91	90.93	90.90	90.88

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	331.90	332.20	330.30	329.40
Dec.	334.70	335.00	333.15	332.20
Mar.	—	337.50	335.80	334.50
June	—	339.90	—	—

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5675	1.5634	1.5552	1.5448	1.5285

IMM—STERLING $s per £

	Latest	High	Low	Prev
Sept.	1.5660	1.5670	1.5620	1.5650
Dec.	—	1.5545	1.5490	1.5530
Mar.	—	1.5460	1.5415	1.5445
June	—	1.5390	1.5320	1.5360

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.5599	1.5656	1.5592	1.5623
Dec.	1.5481	—	—	1.5510
Mar.	1.5382	—	—	1.5420

Estimated volume 126 (124)
Previous day's open int N/A (826)

MONEY MARKETS

Softer tone

THERE WAS some disappointment at the UK trade figures for June, even though these were in line with City forecasts. Interest rates eased in early trading on hopes the trade figures would be better than recent expectations, with sentiment buoyed by Monday's figures on producer prices.

Longer term rates remained easier on the day, but as sterling reacted with disappointment at the trade figures three-month interbank finished unchanged at 10¼-10⅛ per cent.

UK clearing bank base lending rate 10 per cent since August 7

The Bank of England initially forecast a money market shortage of £500m, but revised this to £400m at noon, and provided total assistance of £277m.

Before lunch the authorities bought £122m bills outright, by way of £60m bank bills in band 1 at 9⅞ per cent, and £62m bank bills in band 4 at 9¾ per cent.

The authorities did not operate in the market in the afternoon, but provided late assistance of around £155m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £493m, with Exchequer transactions absorbing £35m, and bank balances below target £50m. These outweighed a fall in the note circulation adding £70m to liquidity.

In Frankfurt call money rose to 3.75 per cent from 3.65 per cent ahead of today's Bundesbank tender. The central bank has offered a 28-day securities repurchase agreement, at 3.60 per cent, unchanged from last week's offer, but dealers feared the Bundesbank would not fully replace DM 11bn draining from the market as an earlier agreement expires.

Liquidity has been reduced by Bundesbank support for the dollar. Sales of dollars for D-Marks by the central bank have taken up to DM 1bn from the market according to dealers.

A small round of tax payment on behalf of customers will drain further funds this week, bt banks remained well ahead on reserve requirements at the Bundesbank at the end of last week, holding DM 53.8bn on Friday against an expected daily average for August of about DM 52bn.

In Tokyo the weakness of the Government bond market prompted speclation about another rise in the long term prime rate. This was increased to 5.2 per cent from a record low of 4.9 per cent on August 1, following a rise in the coupon rate on August five-year long term bank debentures to 4.3 per cent.

If the bond market does not improve the long term banks may be forced to increase the coupon on the September issue of debentures, and the long term prime is customarily set 0.9 points above this rate.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 11) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅞	offer 7	bid 7 ⅛	offer 7 ¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm.)

Prime rate	8¼
Broker loan rate	8-7¾
Fed. funds	6⅝
Fed funds at intervention	6 7/16

Treasury Bills and Bonds

One month	5.20	Three year	7.96
Two month	5.62	Four year	8.18
Three month	6.08	Five year	8.29
Six month	6.39	Seven year	8.54
One year	6.94	10 year	8.73
Two year	7.69	30 year	8.95

August 11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.70-3.80	3.75-3.90	3.75-3.90	3.85-4.05	4.05-4.25	5.0
Paris	7-7⅛	7 5/16-7 13/16	7¾-7⅞	7⅞-8	8¼-8⅝	7½
Zurich	⅞-1⅛	3-3⅛	—	3½-3¾	—	—
Amsterdam	4 13/16-5 1/16	5⅛-5¼	—	5¼-5⅜	—	—
Tokyo	3.09375	3.59375	—	3.71875	—	—
Milan	10⅞-11⅛	11½-12	—	11½-12	—	—
Brussels	5.60	6⅜-6½	—	6½-6⅝	—	—
Dublin	8¾-9¼	9⅞-9⅝	9⅞-10	10⅛-10⅜	10¾-11	—

LONDON MONEY RATES

Aug. 11	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12-8¾	9⅞-9⅝	9 13/16-9 11/16	10¼-10⅛	10⅜-10¼	10 9/16-10⅜
Sterling CDs	—	—	9⅞-9¾	10 3/16-10 1/16	10 5/16-10 3/16	10½-10¼
Local Auth'rity Deps	9⅞	9⅞	9¾	10⅛	10¼	10⅜
Local Authority Bonds	—	—	9⅞	10¼	10½	10 9/16
Discount Mkt Deps	10-8¾	9	9½	9½	—	—
Company Deposits	9⅞-9¼	9¾-9½	9⅞	10¼	10½	10½
Finance House Deposits	—	—	9 15/16	10¼	10⅝	10½
Treasury Bills (Buy)	—	—	9⅞	9 13/16	—	—
Bank Bills (Buy)	—	—	9 13/16	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10½	10⅛	—
Dollar CDs	—	—	6.80-6.75	6.90-6.85	7.15-7.10	7.70-7.65
SDR Linked Deposits	—	—	6 5/16-6 3/16	6⅜-6⅛	6⅝-6⅜	6⅞-6⅝
ECU Linked Deposits	—	—	6 13/16-6 11/16	7 3/16-7 1/16	7⅜-7¼	7½-7⅜

Treasury Bills (sell); one-month 9 5/16 per cent; three-months 9¾ per cent; Bank Bills (sell): one-month 9 11/16 per cent; three months 9 13/16 per cent; Treasury Bills; Average tender rate of discount 9.7668 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1987. Agreed rates for period August 26 to September 22 1987, Scheme I: 10.59 p.c., Schemes II & III: 10.49 p.c. Reference rate for period July1 to July 31, 1987, Scheme IV: 9.238 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½per cent from August 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9¼ per cent; Under £100,000 8 per cent from July 16, Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY AUGUST 11 1987					MONDAY AUGUST 10 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	154.35	+1.8	145.75	146.39	2.45	151.63	143.42	144.42	154.41	99.92	73.03
Austria (16)	95.06	+0.5	89.77	93.61	2.21	94.61	89.48	93.14	101.62	85.53	90.28
Belgium (48)	127.96	+0.9	120.83	125.28	3.83	126.84	119.97	123.87	133.44	96.19	86.69
Canada (132)	140.85	+0.9	133.01	135.60	2.09	139.57	132.01	134.27	140.85	100.00	98.11
Denmark (39)	111.32	−0.6	105.12	110.23	2.53	112.00	105.94	110.18	124.10	98.18	95.36
France (121)	103.31	−0.6	97.56	102.54	2.76	103.90	98.27	102.97	121.82	98.39	92.56
West Germany (92)	100.77	−1.0	95.15	99.40	1.91	101.81	96.29	100.22	101.81	84.00	90.89
Hong Kong (45)	142.29	+0.2	134.37	142.68	2.55	142.07	134.37	142.45	142.29	96.89	76.03
Ireland (14)	132.24	+1.0	124.88	131.92	3.40	130.98	123.88	130.52	145.41	99.50	89.74
Italy (76)	84.74	−2.7	80.02	86.93	2.10	87.09	82.37	89.20	112.11	84.74	95.80
Japan (458)	138.54	+0.2	130.82	132.84	0.51	138.33	130.83	132.12	161.28	100.00	94.69
Malaysia (36)	193.64	+0.6	182.85	189.82	1.97	192.43	182.01	188.69	193.64	98.24	81.06
Mexico (14)	288.90	−0.6	272.81	457.54	0.65	290.51	274.78	460.09	309.34	99.72	65.36
Netherland (38)	128.12	+0.2	120.98	124.90	3.54	127.87	120.95	124.40	128.35	99.65	95.54
New Zealand (26)	114.69	+0.7	108.30	104.93	2.79	113.94	107.77	105.76	114.69	83.93	70.05
Norway (24)	169.25	+1.4	159.83	158.40	1.72	166.91	157.87	156.43	169.25	100.00	95.17
Singapore (27)	174.00	+1.8	164.31	169.23	1.47	171.00	161.74	166.59	174.00	99.29	84.45
South Africa (61)	179.74	+2.2	169.73	135.52	3.00	175.87	166.35	134.93	198.09	100.00	79.08
Spain (43)	141.54	+0.0	133.66	137.89	2.87	141.59	133.92	137.73	144.48	100.00	90.89
Sweden (33)	122.03	+1.9	115.23	119.09	1.95	119.80	113.31	116.83	124.68	90.85	97.36
Switzerland (53)	105.63	+0.5	99.75	103.24	1.61	105.06	99.37	102.45	105.63	92.01	88.17
United Kingdom (335)	145.62	+1.7	137.51	137.51	3.19	143.24	135.48	135.48	162.87	99.65	93.36
USA (590)	135.81	+1.6	128.25	135.81	2.69	133.70	126.45	133.70	135.81	100.00	101.66
Europe (932)	121.19	+0.4	114.44	117.43	2.78	120.65	114.12	116.87	128.35	99.78	92.62
Pacific Basin (686)	139.25	+0.2	131.49	133.61	0.66	138.93	131.40	132.85	158.77	100.00	93.20
Euro—Pacific (1618)	132.09	+0.3	124.73	127.17	1.44	131.68	124.55	126.49	143.65	100.00	92.97
North America (722)	136.08	+1.5	128.50	135.82	2.66	134.01	126.75	133.75	136.08	100.00	101.47
Europe Ex. UK (597)	106.04	−0.6	100.13	104.99	2.43	106.65	100.87	105.39	108.64	98.02	92.21
Pacific Ex. Japan (228)	148.05	+1.1	139.81	142.80	2.43	146.37	138.45	141.65	148.05	99.92	74.62
World Ex. US (1825)	133.02	+0.4	125.61	127.80	1.49	132.54	125.36	127.10	143.38	100.00	92.98
World Ex. UK (2080)	132.93	+0.7	125.53	130.31	1.83	131.95	124.80	129.15	133.61	100.00	96.66
World Ex. So. Af. (2354)	133.76	+0.8	126.31	130.89	1.95	132.67	125.48	129.65	135.02	100.00	96.47
World Ex. Japan (1957)	131.94	+1.2	124.59	130.02	2.69	130.40	123.33	128.53	131.94	100.00	97.16
The World Index (2415)	134.05	+0.8	126.59	130.97	1.96	132.94	125.74	129.73	135.15	100.00	96.36

Base values: Dec. 31, 1986 = 100

Singapore and Malaysia markets closed for public holidays on August 10.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$440	85	24	25	38.50	—	—	$461
GOLD C	$460	130	7	135	26.50	47	38	"
GOLD C	$480	101	2.50	141	17.50	26	28	"
GOLD C	$500	5	0.50	88	12.50	—	—	"
GOLD P	$440	—	—	75	6.50	—	—	"
GOLD P	$460	4	4.60B	100	14	—	—	"
		Sept 87		Dec 87		Mar 88		
SILVER C	$800	—	—	17	80	—	—	$779
SILVER P	$900	20	135	—	—	—	—	"
		Aug 87		Sept 87		Oct 87		
£/FL. C	FL335	—	—	30	1.50	—	—	FL335.12
		Aug 87		Sep 87		Oct 87		
$/FL. C	FL200	13	13.30	—	—	—	—	FL213.59
$/FL. C	FL205	23	8.70	125	8.60	—	—	"
$/FL. C	FL210	1839	3.50	197	4.60	12	5.40	"
$/FL. C	FL215	56	0.70	2250	2	139	3	"
$/FL. C	FL220	—	—	553	0.90	4	1.20	"
$/FL. P	FL210	38	0.40	4	1.50	—	—	"
$/FL. P	FL215	4	2.30A	31	3.50	—	—	"
		Dec 87		Mar 88		Jun 88		
$/FL. C	FL195	4	18.20	—	—	15	18.30	FL213.59
$/FL. C	FL200	201	13.80	31	13.80	35	14.30	"
$/FL. C	FL210	11	6.40	26	7.80	4	8.50	"
$/FL. C	FL215	179	4.50	29	5.70	72	6.50	"
$/FL. C	FL220	40	2.60	3	3.80	57	4.60	"
$/FL. C	FL225	12	1.40	—	—	—	—	"
$/FL. P	FL205	5	2.60	10	4.20	—	—	"
$/FL. P	FL210	6	4.50A	—	—	4	8	"
$/FL. P	FL215	2	6.80	17	9.50	—	—	"
$/FL. P	FL220	50	9.50	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	FL520	1017	12.60	101	22.50	1	28	FL510
ABN P	FL480	190	7.50	39	15	1	19	"
AEGON C	FL90	915	10.20	10	12	—	—	F100.80
AEGON P	FL95	127	2.20	3	3.20	—	—	"
AHOLD C	FL110	82	5.50	8	7.70B	2	8.50	FL110.80
AHOLD P	FL105	40	2.70	10	4.20	—	—	"
AKZO C	FL180	660	4.80B	258	8.90	76	12.30	FL172.10
AKZO P	FL170	187	5.20	76	8.20	—	—	"
AMEV C	FL65	279	5.60	8	7.20	—	—	FL68.70
AMEV P	FL65	77	1.70	10	2.10	—	—	"
AMRO C	FL85	1374	4	215	6.30	127	6.50	"
AMRO P	FL80	946	1.50	36	2.50	—	4	"
ELSEVIER C	FL70	1169	5.60	225	8.40	29	8.70	FL67
GIST-BROC C	FL55	191	2.30	86	4	54	4.70	FL52.90
GIST-BROC. P	FL55	59	4.20A	5	5.50	—	—	"
HEINEKEN C	FL190	110	13	50	16.50	3	18	FL198
HEINEKEN P	FL180	46	3	12	5.30	25	7	"
HOOGOVENS C	FL55	196	2	82	3.50	55	4.10	FL49.50
HOOGOVENS P	FL50	200	4.50A	45	5.50	17	5.70	"
KLM C	FL60	1063	2	295	3.10	77	4.20	FL57.40
KLM P	FL50	17	0.90	216	1.90	—	—	"
NEDLLOYD C	FL200	347	17.10	29	22.50	20	26.50	FL195.50
NEDLLOYD P	FL170	381	8	13	10.50	10	13.50	"
NAT.NED. C	FL75	343	6.20	29	8.70	—	—	FL80.70
NAT.NED. P	FL75	186	1.40	53	3	—	—	"
PHILIPS C	FL60	591	1.10	259	2.50	147	3.50	FL55
PHILLIPS P	FL55	200	1.90	154	3.30B	37	4.50	"
ROYAL DUTCH C	FL310	687	4	99	8.80	—	—	FL288.60
ROYAL DUTCH P	FL280	299	5.60B	2	9.20	3	10	"
ROBECO C	FL115	57	3.50	4	6	13	7	FL114.20
ROBECO P	FL115	15	2.80B	20	3.20B	—	—	"
UNILEVER C	FL150	2314	8.50	497	12.50	147	16	FL151.60
UNILEVER P	FL144	391	2.30	48	4.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 63,334

A=Ask B=Bid C=Call P=Put

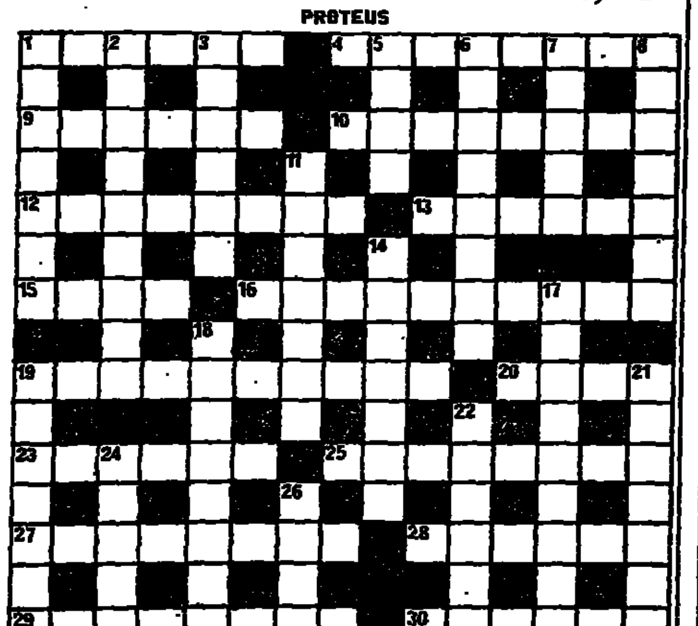
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	9	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co.	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Int'l (UK)	10½
American Exp. Bk	10	Consolidated Cred.	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶10.4
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	9	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	‡10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambro Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	10	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.31%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,402

PROTEUS



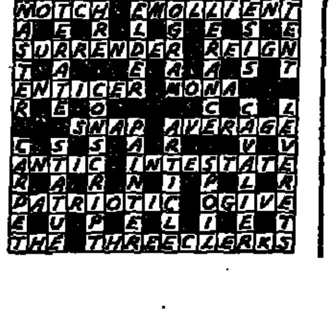
ACROSS

1 Back in a little while (6)
4 Makes representations in favour of trials (8)
9 A complaint one gets from South American rodent (6)
10 Quarrels with leading scientists about nuclear debris (5,3)
12 Curb to keep wild rats in check (8)
13 Lines at school concealed in hat (6)
15 Signal-breaker (4)
16 Redeeming feature of statesman's trophy (6,4)
19 Time to dash to the ferry (5-5)
20 The philosopher of the factory? (4)
23 Dodge like a bat (6)
25 One having hopes of making a book on Paris tour (8)
27 They make every effort to put flowers by the way (8)
28 Make fresh concessions and retire (6)
29 Position in society also held by pop star (8)
30 Shows surprise at finding sailor with model on board (6)

DOWN

1 Bird found on mineral-line (7)
2 Annoyed about having to change sides (5,4)
3 Legal officer giving name to seal (6)
5 Gather some more apples (4)
6 Put up with role-playing in gallery (8)
7 Strong drink (5)
8 Fix one can get in with material (7)
11 What sea-side entertainer may be in danger from? (7)
14 He may deem himself too important for example to sit out (7)
17 Ordinary soldier about to turn licensed pirate (9)
18 Booked for being uncommunicative (8)
19 Pushes for inclusion of hospital in business arrangements (7)
21 Communications from landlords (7)
22 Unamibiguous order (6)
24 Dog (with first-class upbringing) in court (5)
26 Club for press (4)

Solution to Puzzle No. 6,401



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth				0345 717373
High Income				
American Income	55.0	58.5xd	+0.1	4.48
Gilts & Fixed Int.	110.7	117.1	+0.3	10.25
High Inc Equity	139.5	148.3xd	+1.7	3.51
Worldwide Bond	185.8	197.6xd	−0.1	4.93
Capital Growth				
American Growth	191.5	203.7	+1.9	0.69
Asian Pacific	94.6	100.6	+0.7	1.26
Assets & Emrg. Tst.	180.7	192.2	+1.2	1.01
Capital Reserve	73.1	73.3	—	1.38
Commodity & Engy	197.5	210.1	+3.0	0.0
European Capital	99.3	105.6	—	0.71
General	184.9	196.7xd	+3.2	2.29
Japan	90.5	96.2	+0.1	0.0
Mastertrust	90.9	96.7	+0.9	1.32
UK Growth Acc Units	260.7	277.3	+5.1	0.88
UK Growth Dist	179.4	190.8	+3.4	1.27
U.S. Emerging Co's	63.4	67.4	+0.5	0.25
Income & Growth	303.6	322.9	+4.1	2.29
AEtna Unit Trusts Ltd(a)(b)(c)				
401 St John St, London EC1V 4QE				01-837 6494
European Growth	134.0	142.7	+0.2	0.70
Exempt	445.2	466.8xd	+5.7	3.85
(Accum Units)	1063.1	1114.5	+13.6	3.85
Far Eastern	262.6	280.9	+2.8	0.10
(Accum. Units)	284.0	303.7	+3.1	0.10
Fin & Prop	103.7	109.9xd	+2.3	1.92
(Accum. Units)	166.2	176.1	+3.7	1.92
High Yield	85.1	90.1	+0.7	3.73

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FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS — 01-280 2060

American Growth	119.3	126.2	+0.5	0.82
(Accum Units)	124.9	132.1	+0.5	0.82
British Blue Chip Fund	51.4	54.3	----	2.44
(Accum Units)	54.4	54.3	----	2.44
American Sm Cos Fd	54.7	59.0	+0.4	0.42
(Accum Units)	56.7	59.9	+0.4	0.42
American Income	59.5	57.4	+0.2	3.72
(Accum Units)	79.4	62.8	+0.2	3.71
European Growth	158.1	167.2	+1.1	2.53
(Accum Units)	165.0	174.4	+1.1	2.53
European Income	84.9	89.8	+0.3	3.34
(Accum Units)	89.1	94.2	+0.5	3.34
General	367.3	388.6	----	1.25
(Accum Units)	611.7	647.3	----	1.25
Gilt	87.9	98.3	----	7.58
(Accum Units)	104.6	105.1	----	7.58
Global Fund	53.3	56.3	+0.6	0.67
(Accum Units)	55.5	58.3	+0.6	0.67
High Interest Fund	46.0	46.5	----	9.56
(Accum Units)	44.4	46.9	----	9.56
High Income Fund	51.5	54.4	+1.5	5.00
(Accum Units)	52.2	55.2	+1.5	5.00
Japanese	122.4	129.5	----	3.15
(Accum Units)	140.7	148.8	----	3.15
International	314.5	332.8	+2.0	1.06
(Accum Units)	398.5	416.4	+2.4	1.06
Japan	208.5	221.8	+0.4	0.34
(Accum Units)	214.1	227.7	+0.4	0.34
Pacific Fd	59.4	62.8	-2.1	0.10
(Accum Units)	59.4	62.8	-2.1	0.10
Recovery	304.3	322.0	----	1.41
(Accum Units)	331.1	350.3	----	1.41
UK Smaller Co's Fd	53.6	56.7	----	1.73
(Accum Units)	53.6	56.7	----	1.73
Energy	54.6	56.0	-0.4	0.14
(Accum Units)	553.6	567.7	-9.7	2.30

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB — 01-925 1277

Merlin July 29	659.0	667.0	----	1.04

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. — 0707 45184

UK Income Fund	62.8	66.8	+0.9	4.50
Accum Units	62.8	66.8	+0.9	4.50
UK Growth Fund Acc	61.2	65.1	+2.7	1.54
Global Income Fund	50.2	53.4	+0.3	3.75
Accum Units	50.2	53.4	+0.3	3.75
Global Growth Fund	50.6	53.8	+0.5	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. — 01-588 3963

PM Equity Growth	115.7	123.1	+1.4	1.05
PM Income and Growth	102.9	109.5	+1.1	2.89
PM N American Growth	61.4	65.3	+0.7	0.38
PM European Growth	50.3	53.5	-0.2	0.57
PM Japan Growth	72.5	77.1	+0.3	0.35
PM Overseas Growth	58.6	62.3	+0.3	0.42

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	80.6	86.2	+0.5	0.36
Holborn Equity Income	72.5	76.7	+1.1	3.44
Holborn Equity Tst	587.0	620.1	+5.2	2.17
Holborn European Tst	125.0	132.2	+0.6	0.69
Holborn Gilt Tst	206.8	215.7	+0.9	2.21
Holborn High Inc Tst	88.5	93.4	+0.4	4.61
Holborn Intl Grth Tst	127.6	135.3	+1.5	0.66
Holborn Japanese Tst	136.3	144.2	+0.9	0.04
Holborn N. Amer. Tst	102.6	108.5	+1.1	0.45
Holborn Sm Cos Tst	79.1	83.7	+2.7	1.94
Holborn Spec Sits Tst	103.4	109.4	+7.2	1.34
Holborn UK Growth Tst	116.2	122.9	+2.2	1.38

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd	656.1	694.3	----	1.41
Quadrant Income	323.1	342.0	----	3.59
Quadrant Intl. Fund	470.8	498.3	----	1.00
Quadrant Spec. Sits.	450.7	477.0	----	1.38

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 510033

British Life	341.8	357.2	+5.7	2.25
Reliance Unit Tst (Inc)	165.7	176.2	+3.0	1.80
Reliance Ut Tst (Acc)	223.0	237.1	+4.7	1.80

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. — 051-227 2030

Internatl. Growth Trust	53.6	56.4	+0.7	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 — 01-634 2981/4

NC America (Inc)	342.0	363.8	+3.5	0.75
NC America (Acc)	376.7	400.7	+3.9	0.76
NC Inc Fd	119.6	127.2	+1.3	2.95
NC Japan Fd	208.4	221.7	----	0.0
NC Major UK Cos Fd	67.9	72.2	+1.1	1.82
NC Smllr Australasian	93.4	99.3	+0.5	0.50
NC Smllr Canadian CoFd	51.4	54.6	----	0.89

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	453.9	477.8		
Property	282.1	296.9		
Equity	579.7	610.2		
Gilt Edged	356.9	375.7		
Deposit	205.1	215.9		
Investment	246.6	258.9		
International	439.1	462.2		
Pension Fund Prices				
Managed Init		330.5		—
Do. Accum		405.4		—
Property Init		244.4		—
Do. Accum		299.7		—
Equity Init		437.9		—
Do. Accum		536.2		—
Gilt-Edged Init		227.4		—
Do. Accum		278.8		—
Guaranteed Init		158.2		—
Do. Accum		194.1		—
International Init		520.8		—
Do. Accum		638.2		—
Index Lk Gilt Init		138.4		—
Do. Accum		169.6		—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	312.5	+0.1	—
Property Pens	415.3	+0.3	—
Equity	195.2	-3.7	—
Equity Pens	876.6	-13.9	—
Money Market	297.0	+1.3	—
Money Mkt. Pens	533.7	+2.3	—
Deposit	237.6	+0.0	—
Deposit Pens	378.9	+0.1	—
Managed	292.6	-1.9	—
Managed Pens	599.6	-2.3	—
Intl. Equity	359.6	+0.9	—
Do. Pens	584.6	+2.5	—
Intl. Managed	325.5	+0.0	—
Do. Pens	483.4	+1.1	—
North American	140.0	+0.9	—
Do. Pens	163.9	+1.5	—
Far East	311.9	+2.1	—
Do. Pens	452.9	+3.0	—
Intl. Currency	171.5	+0.1	—
Do. Pens	222.4	+0.0	—
Index Linked	130.0	+0.1	—
S & C Managed Fd	140.8	+0.7	—
S & C Pens Mngd Fd	114.8	+0.7	—

National Provident Inst.—Contd.

Far East Initial	504.8	531.4	+2.2	
Far East	604.4	636.3	+1.7	
Prop. Initial	141.0	148.5	+0.5	
Prop	169.0	179.3	+0.6	
Fixed Int. Initial	181.8	191.4	+0.8	—
Fixed Int	218.0	229.5	+1.0	—
Indexed Gilt Initial	102.1	107.5	+0.6	—
Indexed Gilt	121.2	127.6	+0.7	—
Deposit Initial	134.9	142.0		—
Deposit	163.4	172.0	+0.1	—
NPI Pensions Management Ltd				
Managed Fund	987.6	1005.2		—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	57.2	60.3		—
Stock Market Mngd Fund	59.2	62.4		—
Equity Fund	62.7	66.1		—
International Fund	57.2	60.3		—
European Fund	59.3	62.5		—
North American Fund	53.3	55.9		—
Pacific Fund	65.3	68.8		—
Property Fund	52.0	54.8		—
Fixed Interest Fund	48.1	50.7		—
Index Linked Sec Fund	45.2	47.6		—
Deposit Fund	50.9	53.6		—
NUAM Retirement Plans				
Mixed Fund	61.3	64.6		—
UK Ordinary Share	72.0	75.8		—
International Fund	59.4	62.6		—
Property Fund	51.9	54.7		—
Fixed Interest Fund	49.6	52.3		—
Index Linked Sec Fund	45.4	47.8		—
Deposit Fund	53.0	55.8		—
NUAM (NPF)				
Managed Fund	784.8	826.2		—
Equity Fund	1668.7	1756.6		—
Property Fund	323.4	340.5		—
Fixed Interest Fund	364.3	373.0		—
Deposit Fund	207.6	218.6		—
International Fund	148.7	156.6		—
Index Linked Sec Fund	45.2	47.6		—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

[illegible]

Provident Mutual Life Assur.—Contd.

[illegible]

Provincial Life Assurance Co Ltd

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101¾	100	Treas. 12pc 1987	100	.....	11.96	9.91
99	97	Treas 7¾pc 1985-88‡‡	99	+	7.82	9.57
102¼	99	Exch 10½pc '88	100	.....	10.48	10.14
101	98	Treas 9¾pc Cv '88	99	+	9.79	10.16
97	95	Transport 3pc '78-88	96	+	3.12	7.35
101	98	Treas. 9½pc '88	99	−	9.58	10.23
105	101	Treas 11½pc 1989	101 xd	+	11.31	10.24
102	97	Treas 9½pc Cnv 1989	98	+	9.61	10.23
94	89	Treas 3pc 1989	93	+	3.22	7.24
104¼	99	Treas 10½pc 1989	100	+	10.45	10.18
103	98	Exch. 10pc 1989	99	+	10.04	10.21
105¼	100	Exch 11pc 1989	101	+	10.86	10.28
95	89	Treas 5pc 1986-89	93	+	5.37	8.50
108	100	Exch 10¼pcCv '89	100	+	10.15	9.68
111	105	Treas 13pc 1990‡‡	106	+	12.25	10.06
106½	100	Exch 11pc 1990‡‡	101 xd	+	10.79	10.07
110	104	Exch. 12½pc 1990	105	+	11.89	10.19
91	84	Treas. 3pc 1990	89	+	3.37	7.48
100	93	Treas 8¼pc 1987-90‡‡	96	+	8.53	9.56
105	97½	Treas. 10pcCv 1990	99	+	10.06	10.18
89	81	Exch 2½pc 1990	86	+	2.89	7.21
110½	103¼	Treas 11¾pc 1991	104	+	11.29	10.14
95	87¼	Funding 5¾pc '87-91‡‡	90½	+	6.36	8.88
89	80	Treas. 3pc 1991	85	+	3.51	7.54
110¼	100	Treas 10pc Cv '91 ‡‡	100	+	9.90	9.67
109	101	Exch. 11pc 1991	102	+	10.68	10.09
18	15	Treas. 8pc 1991 (20pd)	15	+	8.23	8.78
116	108	Treas 12¾pc 1992‡‡	109¼	+	11.66	10.07
106	97	Treas 10pc 1992	99 xd	+	10.02	10.05
99	92	Treas. 8pc 1992 ‡‡	92	+	8.15	8.47
108	99	Treas 10½pc Cv 1992‡‡	101	+	10.34	10.04
85	82	Treas. 3pc 1992	82	+	3.50	6.46
		Five to Fifteen Years				
115¾	106	Exch. 12¼pc '92	108 xd	+	11.32	10.11
121	111	Exch 13½pc 1992	112	+	11.97	10.20
107	97	Treas 10pc 1993‡‡	99	+	10.04	10.08
118	108	Treas 12½pc 1993‡‡	109	+	11.37	10.21
95	82¼	Funding 6pc 1993‡‡	87 xd	+	6.85	8.64
125	114	Treas 13¾pc 1993‡‡	115¼	+	11.88	10.25

[illegible]

BRITISH FUNDS—Contd

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[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1987 High	1987 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53xd	....	3.50	16.60
50	40	Do. 6pc 28 Stb. Ass.	50xd	....	3	16.00
47	45	Do 4pc Mixed Ass.	47	......	2	14.26
66	58	Hung. '24 Ass.	64	−1	2.75	14.30
146½	127	Hydro Quebec 15pc 2011	132¼	+1½	15.00	11.34
136¼	115½	Iceland 14½pc Ln 2016	124 xd	+1½	14.50	11.61
103½	94	Ireland 9¾pc '91-96	96 xd	..	9.75	10.35

AMERICANS

1987 High	1987 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
41	32¼	Abbott Laboratories	41	+1	$1.00	—	1.5
17	11	Ahmanson (H.F.)	14	+	88c	—	3.9
40¼	24	Alcoa $1	39¼	+1½	$1.30	—	1.9
18	15½	Allegheny & W $0.01	15¼		30c	—	1.2

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Continued on next page

Money Market Bank Accounts

[illegible]

Money Market Trust Funds

[illegible]

UNIT TRUST NOTES

[illegible]

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30	22	Sara Lee $1	28½xd	−⅛	$1.00	—	2.1
11¼	8	Saul (B.F.) $1	11¼xd	+	20c	—	1.1
26¼	19	Southwestern Bell $1	25⅝		h$2.32	—	5.6
19	14¼	Staley Continental	18⅝	−⅛	80c	—	2.6
44	36	Sun Co. Inc. $1	41 xd	+	$3.00	—	4.5
39⅝	28½	TRW Inc. $0.625	39⅝xd	−¼	h$1.60	—	—
34	25	Tenneco $5	34⅝xd	−¼	$3.04	—	5.4
197½	149	Do. 10ocLn.Stk. 91-5	197½xd	....	10%	—	5.1
29⅝	17	Texaco $6.25	28⅞xd	+¼	$3.00	—	6.4
72¼	47	Time Inc. $1	72	−	$1.00	—	0.9
14½	11	Tracor $0.33	13¼	....	40c	—	1.9
27⅞	18	Transamerica $1	27½	−⅛	$1.76	—	3.9
13⅝	923p	Transworld Corp $5	13⅝	+¼	20c	—	0.9
48	29¼	TRINOVA Corp.	48xd	−⅛	h$1.00	—	1.3
24	15	♥USX $1	24⅛	+	$1.20	—	3.0
19	15	Union Carbide $1	18½xd	+¼	$1.50	—	5.0
36	26	Utd. Technologies	36	+	$1.40	—	2.3
38⅝	27	US West‡	34½	+¼	$3.28	—	5.8
30¼	17	Waste Management $1	30	+¼	—	—	—
£31¼	£20½	Whirlpool $1.0	£23⅞	+⅛	—	—	—
36⅝	26	♥Woolworth $3½	36¼	+½	$1.32	—	2.2

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	397p	ABM Gold Corp ‡	408p	+11	—	—	—
21	10p	♥Abbott Energy Corp.	21½p	.....	—	—	—
14½	50p	♥Amer. Barrick Res.	14½xd	+⅛	—	—	—
122p	52p	♥Armeno	91p	+5	—	—	—
19⅝	14	Bk. Montreal ‡	16¼	....	$2.00	—	5.6
10½	745p	Bk. Nova Scot.‡	888p	−8	72c	—	3.7
20⅝	18	BCE ‡	20⅛	+⅛	$2.40	—	5.5
10	712p	♥Bow Valley‡	942p	+4	40c	—	2.0
20	12	♥Brascan‡	19¼	−⅛	88c	—	2.1
609p	277p	♥Breakwater Res.	468p	−2	—	—	—
11	894p	Can. Imp Bk. $2	11xd	−¼	$1.08	—	4.5
113¼	865p	Can. Pacific ‡	113¼xd	+100	48c	—	0.2
42	37½	Do. 4pc Deb £100	41½		4%	—	9.6
17½	756p	♥Echo Bay Mines	17½	+1	20c	—	0.5
181p	66p	Euro-Asia Capital Ltd.	173p		—	—	—
733p	283p	♥Galactic Resources	705p	+32	—	—	—
69p	32p	Global Data Systems	53p	+5	—	—	—
873p	399p	Granges Expln‡	750p	+4	—	—	—
19p	10p	♥Gt Pacific Res.	18p	....	—	—	—
14	781p	♥Gulf Canada‡	14¼	−⅛	52c	—	1.7
14	10	♥Hawker Sid Can‡	13⅞	−⅛	96c	—	3.2
740p	460p	Henlys Group	528p	−2	—	—	—
14	10	Hudson's Bay ‡	12	......	60c	—	2.3
38	24	♥Imperial Oil‡	37½	−⅛	$1.60	—	2.0
13	782p	Inco‡	13½xd	+¼	US$0.20	—	0.9
25	14	♥Intl. Corona Res.	21½	+⅛	—	—	—
780p	575p	♥Inland Nat. Gas $1	780p	+28	60c	—	3.5
10	385p	♥Lacana Mining Corp‡	10	+¼	Q15c	—	0.7
363p	158p	♥Mascocho Expln.	306p	+11	—	—	—
10	748p	♥Nort Business Syst.‡	924p	+10	—	—	—
623p	338p	♥Nevada Goldfields	504p	−2	—	—	—
12	927p	♥Rio Algom	11	+⅛	$1.30	—	5.4
19	14	Royal Bk. Can. ‡	17¼	+½	$2.00	—	5.2
385p	135p	♥Royex Gold Mining ‡	318p	+17	—	—	—
51	40	Seagram‡	51	−⅛	US$1.00	—	1.2
731p	235p	♥Sonora Gold Corp‡	510p	+23	—	—	—
15	11½	Toronto-Dom. Bk.‡	15	....	84c	—	2.6
220p	19p	♥Trans Atlantic Res ‡	91p	....	—	—	—
10	789p	♥Trans Can Pipe	900p	−2	$1.12	—	5.7
185p	124p	Varity Corp‡	185p	......	—	—	—

BANKS, HP & LEASING

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
195	146	ANZ $A1	195	+4	hQ20.7c	2.4	4.8	8.7
•273	230	Allied Irish	238	+2	Q61.6%	2.8	5.9	8.3
£164	£135	Algemene Fl 100	£150	...	mQ27%	2.1	5.5	8.5
•78	53	Anglo Irish	78		Q19.6%	1.4	5.6	19.9
108	84	Ansbacher (H.) 1p	98		2.0	—	2.8	—
£40½	£24	Banco de Bilbao S.A.	£38		Q38%	3.0	2.4	21.8
£34½	£23½	Banco de Santander	£33		Q23%	♦	1.3	♦
•245	176	Bank Ireland IrL1	221	+5	Q15.9%	2.9	6.6	7.6
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

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[illegible]

DRAPERY AND STORES

[illegible]

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[illegible]

INDUSTRIALS—Continued

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INDUSTRIALS—Continued

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Garages and Distributors

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SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
140	84	Anglo-Dominion	103	−8	—	—	—
90	21	♥Colby Res Corp.	46	−3	—	—	—
*300	127	Cons. Murch. 10c	288	+10	Q60c	4.4	6.5
*70½	37½	♣Emec.Int.Ir10p.	65	+4	—	—	—
402	151	Greenwich Res	388	+8	—	—	—
£13½	963	Hemlo Gold Mines	£13⅛	+⅛	—	—	—
355	189	♥Highwood Res	318	−7	—	—	—
£28⅝	£16⅛	Homestake Mining $1	£27⅞	+1¼	Q20c	—	0.4
455	150	♥McFinley Red Lake	396	−13	—	—	—
166	86	♥Mosto Explorations	115	−1	—	—	—
160	37½	♥New Sabina Res.C$1	158	−1	—	—	—
598	200	Northgate C$1	534	+4	—	—	—
237	104	Nor-Quest Resources	160	.....	—	—	—
£14½	698	RTZ	£13¼	+½	23.5	2.7	2.6
£359¼	£113¼	Do. 9½pcLn'95-2000	£263	+5	Q9½%	37.5	Q3.6
32½	11	♥Thorco Res. Inc.	24½	−2	—	—	—

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abelscot Group 10p	415	.....	3.5	2.7	1.2	44.6
45	28	Aberdeen Am Pet 10p	44	.....	—	—	—	—
125	110	Allied Ins. Brokers	120	.....	L3.5	2.5	4.1	13.9
83	61	Amercoeur Energy 10p	63	.....	—	—	—	—
111	93	Andaman Res. 10p	98	.....	—	—	—	—
46	9	Ardmore Pet. 'A'	22	+2	—	—	—	—
98	45	Catalyst Comms. 5p	76	+1	—	—	—	31.6
200	158	Chelsea Artisans 5p	158	.....	—	—	—	21.2
180	150	Comac Group 5p	150	.....	—	—	—	—
151	47	Corton Beach 10p	130	+5	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	152	+2	—	—	—	—
285	102	Edenzone Investment	215	+5	—	—	—	—
*62	18	Eglinton Oil Ir.5p	30	+1	—	—	—	—
41	17	Do. Warrants	19	.....	—	—	—	—
186	101	Far East Res. 10p	158	+12	—	—	—	—
82	17	Publishing Hldgs.5p	62	+4	—	—	—	35.9
7650	45½	Theme Holdings	62	+3	1.0	♦	—	♦
153	140	UPL Group 10p	140	.....	L2.41	2.8	2.4	—
140	111	Uni Group	140φ	.....	R4.6	2.5	4.5	(10.0)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- φ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	91	+1	Fin. 13% 97/02	£103⅝	.....
Craig & Rose £1	£450xr	+42½	Arnotts	375	.....
Finlay Pkg. 5p	115	−1	CPI Hldgs	85	.....
Holt (Jos) 25p	1003	.....	Carroll Inds.	158	+8
IoM Stm. £1	138	+2	Dublin Gas	18	.....
			Hall (R. & H.)	120	−20
IRISH			Heiton Hldgs.	49	+2
Fund 11¼% 1988	£100¼	.....	Irish Ropes	195	.....
Nat. 9¾% 84/89	£97⅞	.....	Unidare	420	−5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp.	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	Property	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met.	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	Oils	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	34
Lloyds Bank	50	Mines	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 20	Aug 21	Sept 1
Aug 24	Sept 10	Sept 11	Sept 21

* New time dealings may take place from 9.00 am two business days earlier.

Equities and bonds extend recovery as recent fears over trade figures are allayed

UK security markets passed the second economic statistical test of the week quite confidently yesterday. A June current account deficit of £168m allayed recent fears of a heavier shortfall and leading shares celebrated. Government bonds also surged forward before retracing their steps following a certain amount of drama in the Gilt futures market.

Volume remained light because markets, after the shock of dearer money last week, still have to surmount further obstacles this and next week. The money supply/banking statistics could be a particular teaser on Thursday, August 20. But yesterday's economic news injected enough enthusiasm to leave the FT-SE 100 share index up 33.2 more at 2275.4, for a two-day recovery of 49.2.

The equity market was moving higher ahead of the 11.30 am announcement. Analysts had been busy recalculating their figures and most revised their forecasts to a likely deficit of between £100m to £200m. Some remained pessimistic with predictions ranging to £300m, so the official figure was a pleasant surprise.

Blue chip issues responded immediately and although demand was selective it found sellers reluctant. Several marketmakers took a less positive view of the market's ability to rally further and were later squeezed for stock.

The majority of Alpha stocks were lightly traded, but **Hanson**, top of the pops in New York on Monday, achieved a similar status here with 38m shares changing hands. Overseas investors also favoured **Beecham**, **Glaxo**, **Reuters** and **Saatchi and Saatchi**. The last-named have been in the doldrums recently but benefited yesterday from a strong buy recommendation from County Securities. Drexel Burnham are belived to be canvassing the stock's attractions in New York.

Pearson returned to prominence after a "put-through" of 2.7m shares at an average price of 671p. The deal resurrected speculation of stake-building exercises by Australian interests, but a Japanese house was reported keen on the UK publishing conglomerate, which owns the Financial Times. Total volume was finally 4.6m shares.

Longer-dated bonds were a point up on overnight closing levels soon after the balance of payments data. The tone looked good but the market was subsequently thrown into confusion by the Gilt futures market. An incorrect price for the long bond was fed into the LIFFE electronic system which caused traders there to panic. Deals were completed at extremely low levels before the situation was rectified. Transactions below 115.05, some were recorded down to 114.10, were subsequently disqualified and both the paper and cash markets regained composure.

Agency brokers reported good domestic retail interest, which tended to fade as the day wore on, while marketmakers were emphatic that the larger business emanated from overseas sources, principally Japan. Longer-dated Gilts closed with gains stretching to ⅞.

The financial sector continued to make good progress. Clearing banks were highlighted by a sparkling performance by **NatWest**, which spurted 26 to 720p, after a turnover of 3.5m shares, as persistent investment support triggered a sharp bear squeeze as the day wore on. **Barclays** moved up 3 to 566p and **Lloyds** hardened a shade to 355p, after 359p, the latter on news of the acquisition of a 24.9 per cent stake in US investment management group Weiss Peck and Greer, a privately-held New York-based partenrship for $67.5m in cash.

Midland, quoted in ex-rights form, opened at 462p but drifted back to end the session at 450p, with the new nil-paid shares opening at 150p, moving up to 158p and subsequently easing to close at 154p premium.

Standard Chartered edged up 4 to 788p, still boosted by bid speculation; Standard's interim results are expected around August 18. Merchant banks provided firm features in **Hill Samuel**, which leapt 10 to 709p on talk that the bid terms from Union Bank of Switzerland are imminent, and **Morgan Grenfell**, which jumped 9 to 525p in sympathy.

The insurance sector surged higher for much of the day before turning off the best levels late in the session. Composites featured as **General Accident** announced interim results which showed pre-tax profits of £102.8m, well ahead of best estimates of around £100m. General Accident shares settled a shade below the day's best, closing ⅜ higher at £10¼ while **Commercial Union**, due to report interims today added 13 at 359p; estimates of CU's pre-tax profits range from £77m to £86m with the dividend expected to be around 6.5p net. **Royals** were 4 down at 536p, held back by a sell recommendation from BZW; Royals' interim figures on Thursday are expected to show pre-tax profits of between £154m to £158m. Broker **Sedgwick** jumped 9 to 313p—helped by bid speculation. In Life's, **Legal and General** put on 10 to 325p.

Adscene, which came to the market via a mini offer for sale, closed at 113p, while USM debutant **Corporate Estates Properties** ended at 91p compared with the placing price of 50p.

The prospect of further beer price rises continued to direct attention to leading Breweries. Sentiment was also helped by securities house Wood Mackenzie which reiterated its "strong" stance on the sector. **Whitbread** advanced another 11 to 350p following a favourable response to the planned purchase of the Canadian Keg restaurant chain. Regionals also took up a firmer appearance under the lead of East Anglian-based **Greene King** which advanced 11 to 417p, largely reflecting the efforts of a single buyer.

Housebuilders, hard hit by last week's increase in interest rates, staged a strong revival. **Anglia Secured Homes** rallied 29 to 422p and **McCarthy and Stone** 19 to 533p, while **Charles Church** picked up 10 to 152p and **Barratt Developments** improved 5 to 208p. Other building issues joined in the rally, with **Blue Circle** gaining 27 to 498p and **Redland** 20 to 511p among the leaders. **Howard Shuttering**, still reflecting the bumper annual results, rose 5 further to 144p, while the good preliminary figures prompted a jump of 70 to 385p in **Ashtead**.

Ratners, the rapidly-expanding jewellery retail chain, spurted 18 to 344p as Wood Mackenzie, the securities house, issued a "buy" recommendation stating that the shares are "selling at a significant discount to the market" and that an "early restoration of its premium rating is appropriate." Elsewhere in Stores, firmer values prevailed for recent high-fliers such as **Dunhill**, 22 up at 270p, **Martin Ford**, 10 better at 221p. **Albion** advanced 20 to 105p following the disclosure that Sheeltex holds some 6 per cent of the equity. Leading Retailers also went better, especially **Woolworth**, 8 up at 364p, and **Dixons**, finally 8 to the good at 350p.

British Telecom remained an active market and dipped to 265p during initial trading following adverse Press comment, before picking up to close a shade up on balance at 270p; more than 19m telecom shares changed hands. **Cable & Wireless** jumped 8 more to 429p, after 430p, on news that International Digital Communications Planning, in which C & W holds a 20 per cent stake, is to apply for a licence to offer international telecommunications services to Japan. Press mention triggered further support for **Racal**, up 10 at 282p, while buying ahead of the September 9 interims lifted **BICC** 9 to 384p. **Lerlin** rose 27 to 254p as hopes of further takeover activity following news that the recently announced bid discussions with an un-named party had been terminated.

Among the candidates regarded as possible BTR bid targets, **Lucas** featured strongly with a rise of 19 at 723p, while **Hawker** moved up 12 to 576p and **GKN** 6 to 413p; recent firmness in GKN has also been accompanied by talk of the imminent sale of its 58.3 per cent stake in Allied Steel and Wire. Elsewhere in the Engineering sector, capital injection hopes prompted a rise of 12 to 160p in **Newage Transmissions**. **Meggitt** firmed 3 to 161½p on the proposed sale of the bulk of its African interests.

Foods put on an impressive performance, clearly helped by consideration of Monday's retail sales figures. Retailers were led higher by **Argyll Group**, finally 11 up at 438p following the publication of the annual report and accounts. **Tesco** attracted useful support, closing 5 to the good at 192p, in response to the favourable reception given to the group's new flagship store at New Malden in Surrey.

Food Manufacturers participated fully in the upturn with **Unigate**, a depressed market recently following the downgrading of profits by a number of broking houses, rising 17 to 393p amid vague takeover talk. Similarly **Northern Foods** attracted support, much of which was believed to have emanated from foreign sources, to close 10 up at 298p. **Hillsdown** rallied 11 to 319p, while occasional "cheap" support lifted **Berthwicks** 6½ to 61½p.

Hotels highlighted **Ladbroke** which spurted 15 to 439p following a "buy" recommendation from Wood Mackenzie; the interim figures are scheduled towards the end of the month and WM anticipate pre-tax profits of £50m. Smaller hotel concerns also rallied well, although dealers attributed the gains to a bear squeeze. **Norfolk Capital**, 48p, and **Queens Moat House**, 108¾p, rose 4½ and 9½ respectively.

International stocks, assisted by the overnight advance on Wall Street, were prominent in the general revival. **Reuters** rose 43 to 895p, while **Glaxo** put on ½ to 17⅝. **BOC**, following a favourable Press response to the third quarter figures, stood out with a gain of 22 at 519p. Another heavy volume in **Hanson Trust** left the share price 6 dearer at 187p; Hanson, which is currently bidding for the New Jersey-based Kidde Inc, announced on Monday the sale of Kaiser Cement's 42.8 per cent holding in the Indonesian cement manufacturer, P. T. Semen Cibinong, for £16.65m cash.

Hestair revived strongly with a gain of 23 at 350p in the wake of the company's announcement of further expansion into the US temporary employment agency business. Hestair is acquiring two businesses, Aubrey Thomas Inc of New York and Kelly Assisted Living Services of Massachusetts. The deal is being partly financed by a placing at 323p per share. **Dalgety** also featured at 366p, up 14, on the proposed sale of its Canadian lumber company, Balfour Guthrie, for £74.5m. **Hawtal Whiting** firmed 5 to 385p on the design engineering contract from General Motors. **Blue Arrow** took a distinct turn for the better and closed 13 to the good at 175p. **Oakwood**, a particularly depressed market of late, revived with a gain of 78 at 723p.

Jaguar rebounded 13 to 579p reflecting persistent interest ahead of next Tuesday's half-timer. Chase Manhattan Securities, while anticipating sharply lower profits of around £55m due to one-off start-up costs of the latest XJ range, still rate the shares as a "buy" and forecast full-year pre-tax profits of £125m. The general improvement in equities was fully reflected by Motor Distributors. International interest lifted **Lex Service** 27 to 456p, while **T. Cowie** rallied 100 to 860p. **Trimoco**, often regarded as a potential takeover target for Cowie, put on 10½ to 62p.

The Property leaders were featured by **MEPC** which advanced 22 to 536p amid continuing bid speculation. Fresh speculative activity was also seen in **British Land** which improved 5 further to 337p.

Sliding oil prices were attributed to fears of recent over-production of crude oil by Opec members but news of the discovery of further mines outside the Persian Gulf and reports that US aircraft fired on an Iranian jet over the weekend caused a minor rally in crude prices later in the day. Oil shares were upset by easier crude prices as well as recent sell recommendations by at least three leading UK securities houses. **British Gas** hardened a shade to 180p, shrugging off criticism of the terms of its bid for a stake in Bow Valley, but **BP** were a vulnerable market and dropped 8 to 368p on a turnover of 11m shares, in front of tomorrow's interim results.

Overseas Traders featured **Lonrho** which responded strongly to a Press article to close 13½ to the good at 306p as some 4m shares changed hands.

Another firm performance by underlying London equities boosted demand for Traded option. Total contracts struck amounted to 58,183—39,144 calls and 19,039 puts. As on Monday, operators were particularly interested in British Telecom positions which contributed 7,702 calls, over half of which were transacted in the August 330 series, and 5,864 puts, with the August 300s again proving popular in attracting 2,983 trades. Marks and Spencer were lively with over 3,000 calls struck, as was Rolls-Royce which recorded 1,413 calls and 1,282 puts. The FT-SE 100 index recorded 4,934 calls and 5,080 puts.

Traditional Options

- First dealings Aug 3
- Last dealings Aug 14
- Last declaration Nov 5
- For Settlement Nov 16

For rate indications see end of London Share Service

Call options were taken out in Peek Holdings, Stakis, Associated British Engineering, Dares Estates, GKN, Eagle Trust, Hampton Trust, Unigate, Sears, Hyman, Ossory, ASDA-MFI, Kellock Trust, Wm. Morrison Supermarkets, CI Group, Trimoco, J. Crowther, Barker and Dobson, Clyde Petroleum, Bejam, Norfolk Capital, Blacks Leisure, BBA, Control Securities, British Telecom, Blue Arrow, Chessminster, Mountleigh, Select TV, Property Trust, Charterhall, Abaco, and Brent Walker. No puts or double options were reported.

FINANCIAL TIMES STOCK INDICES

	Aug. 11	Aug. 10	Aug. 7	Aug. 6	Aug. 5	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	86.26	86.12	85.94	86.42	87.70	89.17	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.96	96.24	96.26	96.49	96.24	95.76	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1772.6	1742.6	1726.9	1754.1	1796.6	1242.0	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	444.4	453.5	462.4	468.5	480.7	232.9	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.26	3.32	3.34	3.30	3.23	4.42				
Earnings Yld.%(full)	8.07	8.23	8.29	8.18	8.01	10.72				
P/E Ratio (net) (*)	15.18	14.88	14.79	14.99	15.31	11.38				
SEAQ Bargains (5 pm)	48,770	46,016	57,422	48,611	41,924	–				
Equity Turnover (£m)	—	1383.82	2067.24	2336.74	1890.08	606.55				
Equity Bargains	—	57,464	62,207	55,564	54,999	19,711				
Shares Traded (ml)	—	—	849.1	763.5	582.0	274.6				

S.E. ACTIVITY

Indices	Aug. 10	Aug. 10
Gilt Edged Bargains	106.2	115.0
Equity Bargains	372.3	403.1
Equity Value	2797.1	4178.4
5-Day Average		
Gilt Edged Bargains	124.9	128.6
Equity Bargains	384.6	400.6
Equity Value	3914.5	4026.6

♥ Opening 1758.9 | 10 a.m. 1756.9 | 11 a.m. 1761.0 | Noon 1757.3 | 1 p.m. 1759.8 | 2 p.m. 1765.2 | 3 p.m. 1771.8 | 4 p.m. 1765.5

Day's High 1772.7 Day's Low 1755.7. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.91 † Corrected figs.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (93)

AMERICANS (19), CANADIANS (2), BANKS (4), BREWERS (1), CHEMICALS (1), STORES (3), ELECTRICALS (7), ENGINEERING (3), HOTELS (1), INDUSTRIALS (12), INSURANCE (1), MOTORS (1), PAPERS (1), TEXTILES (1), TRUSTS (24), OILS (5), MINES (7).

NEW LOWS (1)

LOANS (1), N'wide 11¼pc 26.10.87.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	6,200	193	+5	Jaguar	1,200	579	+13
Allied Lyons	8,400	419	+2	Ladbroke	1,400	439	+15
Amstrad	2,000	165	+3	Land Securities	2,300	551	+14
Argyll Group	3,000	438	+11	Legal & Gen.	1,500	325	+10
Assoc. Brit. Foods	265	368	+9	Lloyds Bank	468	355	+2
BAT	1,800	629	+15	Lonrho	3,900	306	+13½
BET	1,000	275	−1	MEPC	1,600	536	+22
BOC	1,800	519	+22	Marks & Spencer	9,100	243	+3
BPB Inds	3,900	378	+10	Midland Bank	3,200	450xd	−7½
BPCC	1,100	338	+9	NatWest Bank	3,250	720	+26
BTR	2,300	317	+13	Next	1,100	326	+2
Barclays	2,900	566	+3	Pearson	4,600	770	+6
Bass	749	925	+11	P & O	941	690	+12
Beecham	2,900	546	+6	Pilkington Bros	5,500	325	+5
Blue Circle	1,900	498	+27	Plessey	2,000	197	+3
Boots	4,100	303	+9	Prudential	463	994	+21
Brit. Airways	7,600	210	+4	Racal	4,800	285	+13
Brit. Aero	738	502½	+7½	Rank Org.	353	707	+3
Brit. & Comm.	878	499	+4	RHM	1,100	322	+7
British Gas	7,200	179	+1	Reckitt & Col	98	£10⅛	+⅛
Britoil	12,000	314	−5	Redland	1,100	511	+20
BP	11,000	368½	−7½	Reed Intl.	1,600	529	+19
Brit. Telecom	19,000	270	+1½	Reuters	1,000	895	+43
Bunzl	602	242	+9	RMC	354	485	+6
Burton	5,100	301	−2	RTZ	1,200	£13¼	+⅜
Cable & Wire	4,900	429	+8	Rolls-Royce	8,900	114	+4
Cadbury Schwps	5,600	249	−3	Rowntree	379	536	+6
Coats Viyella	1,500	341	+8	Ryl Bank Scotland	361	376	+4
Comm. Union	3,000	359	+13	Royal Insurance	3,900	536	−4
Cons. Gold	462	£14⅛	+0⅛	STC	5,600	281	+11
Cookson	787	774	+34	Saatchi & Saatchi	3,500	679	+48
Courtaulds	1,200	473	+9	Sainsbury	1,700	273	+10
Dee Corpn	2,700	220	+2	Scott & Newcastle	1,100	254	+1
Dixons Group	2,400	350	+8	Sears	8,200	163½	—
English China Clays	996	487	—	Sedgwick	1,900	313	+9
Fisons	2,800	362	+20½	Shell Trans	2,350	£14½	−⅛
Gen. Accident	998	£10¼	+0⅜	Smith & Nephew	1,300	178	+6
Gen. Elect	3,600	217	+1½	Standard Chart	111	788	+4
Glaxo	1,300	£17⅝	+0½	Storehouse	5,100	352	−2
Globe Investment	405	176	+1½	Sun Alliance	368	£10¼	+⅛
Granada	655	324½	+4½	TSB	2,300	83½	+1
Grand Met	2,600	556	+12	Tarmac	3,100	299	—
GUS "A"	106	£13¼	+0⅛	Tesco	4,400	192	+5
Guardian R.E.	431	£10⅛	+0⅜	Thorn EMI	2,100	672	+17
GKN	1,600	413	+6	Trafalgar House	1,200	378	+8
Guinness	2,100	352	—	T'house Forte	1,900	256½	+4½
Hammerson	479	612	+14	Unigate	1,300	393	+17
Hanson Trust	38,000	187	+6	Unilever	3,000	629	+4
Hawker Sidd	1,700	576	+12	United Biscuits	1,200	317	+4
Hillsdown Hldgs	3,600	319	+11	Wellcome	604	456	+5
ICI	2,000	£15¼	+0¼	Whitbread "A"	1,900	380	+11
				Woolworth	1,600	364	+8

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	98	9	6
Corporations, Dominion and Foreign Bonds	16	6	35
Industrials	945	160	467
Financial and Properties	347	56	198
Oils	47	23	45
Plantations	0	5	9
Mines	74	56	60
Others	134	39	91
Totals	1,661	354	911

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday August 11 1987

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon August 10 Index No.	Fri August 7 Index No.	Thurs August 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	949.92	+2.2	7.38	2.88	16.97	13.37	929.45	921.08	946.71	679.35
2	Building Materials (30)	1225.94	+2.4	7.27	2.80	17.14	17.51	1196.82	1187.54	1220.69	769.94
3	Contracting, Construction (33)	1719.98	+1.3	7.02	2.79	19.06	19.38	1697.95	1695.01	1744.52	1193.07
4	Electricals (12)	2476.34	+2.9	5.96	3.09	21.63	36.50	2407.27	2382.89	2434.14	1770.81
5	Electronics (35)	2017.36	+2.0	7.93	2.47	16.28	30.29	1978.24	1941.09	1986.38	1516.55
6	Mechanical Engineering (60)	511.30	+1.9	8.00	3.33	15.66	8.34	501.72	499.62	511.74	380.12
8	Metals and Metal Forming (7)	541.89	+1.8	7.17	2.90	16.82	6.86	532.14	535.22	555.48	333.09
9	Motors (14)	388.85	+2.3	8.54	2.81	13.41	3.79	380.09	374.49	383.77	282.55
10	Other Industrial Materials (21)	1575.91	+3.0	6.09	3.08	19.79	22.85	1530.02	1518.67	1575.52	1218.59
21	CONSUMER GROUP (183)	1308.28	+2.0	6.04	2.60	21.27	15.48	1283.14	1274.58	1291.60	894.18
22	Brewers and Distillers (22)	1170.16	+1.2	8.00	3.05	15.82	13.24	1155.92	1136.19	1150.54	884.88
25	Food Manufacturing (24)	1019.66	+1.6	6.87	2.99	18.90	15.17	1003.75	993.49	1004.50	676.25
26	Food Retailing (16)	2446.97	+2.9	5.30	2.37	25.72	32.14	2377.11	2392.54	2420.24	1887.81
27	Health and Household Goods (10)	2538.68	+2.6	3.98	1.58	29.34	15.15	2474.24	2469.42	2475.88	1508.75
29	Leisure (31)	1357.22	+2.6	6.15	3.21	21.06	22.02	1322.60	1323.42	1354.34	901.53
31	Packaging & Paper (15)	668.31	+2.0	6.11	2.60	21.66	8.27	655.19	655.93	683.46	453.41
32	Publishing & Printing (13)	4356.40	+2.9	4.77	3.26	26.95	59.63	4232.14	4181.02	4332.00	2462.59
34	Stores (36)	1075.18	+1.0	6.58	2.69	20.63	13.26	1064.74	1054.45	1065.71	848.44
35	Textiles (16)	806.75	+2.0	7.69	2.78	15.10	11.71	790.79	779.13	794.74	514.86
40	OTHER GROUPS (88)	1121.42	+1.9	7.73	3.14	16.18	17.48	1099.99	1104.90	1118.21	746.16
41	Agencies (16)	1711.55	+4.4	4.08	1.41	32.24	11.90	1639.80	1631.58	1673.25	0.0
42	Chemicals (22)	1433.31	+1.9	6.87	3.18	17.79	31.36	1406.29	1413.30	1421.11	914.29
43	Conglomerates (12)	1451.20	+2.0	7.32	3.17	15.66	18.93	1423.28	1423.37	1454.62	0.0
45	Shipping and Transport (12)	2283.36	+2.0	7.04	3.49	18.90	38.03	2238.65	2248.74	2281.18	1449.88
47	Telephone Networks (2)	1076.82	+0.8	9.42	3.75	14.16	18.98	1067.85	1088.29	1086.09	776.44
48	Miscellaneous (24)	1595.15	+2.5	8.71	2.78	13.77	19.03	1556.66	1559.34	1578.92	1011.59
49	INDUSTRIAL GROUP (483)	1178.93	+2.0	6.84	2.82	18.48	15.82	1155.60	1150.73	1169.92	809.87
51	Oil & Gas (17)	2277.86	−1.1	4.80	4.07	26.97	45.30	2303.91	2275.24	2330.09	1228.64
59	500 SHARE INDEX (500)	1272.22	+1.5	6.53	3.01	19.41	18.39	1253.07	1246.18	1268.39	846.28
61	FINANCIAL GROUP (119)	808.37	+1.7	—	3.76	—	16.14	795.01	791.78	807.59	584.23
62	Banks (8)	804.93	+1.2	16.59	5.06	7.97	24.84	795.32	799.38	812.07	622.32
65	Insurance (Life) (9)	1082.86	+1.9	—	3.89	—	20.71	1063.03	1052.62	1098.45	832.76
66	Insurance (Composite) (7)	614.83	+1.5	—	3.98	—	11.76	605.53	598.17	606.82	470.02
67	Insurance (Brokers) (9)	1274.53	+1.8	9.29	4.37	13.80	26.47	1251.99	1229.84	1272.90	1193.25
68	Merchant Banks (11)	475.07	+1.1	—	2.85	—	6.88	469.95	470.60	477.88	332.08
69	Property (47)	1249.36	+2.8	3.82	2.37	33.84	12.90	1215.50	1201.67	1212.63	756.23
70	Other Financial (28)	550.49	+1.1	5.78	2.77	21.90	7.44	544.70	548.40	564.39	331.00
71	Investment Trusts (91)	1120.75	+1.2	—	2.15	—	11.86	1107.45	1100.20	1110.26	751.58
81	Mining Finance (2)	673.48	+2.4	5.01	2.47	22.92	6.79	657.48	652.53	671.05	258.56
91	Overseas Traders (10)	1161.90	+2.2	7.84	4.05	15.14	26.08	1136.65	1139.40	1178.55	637.66
99	ALL-SHARE INDEX (722)	1153.15	+1.6	—	3.09	—	17.46	1135.45	1129.44	1149.91	770.54

	Index No.	Day's Change	Day's High	Day's Low	August 10	August 7	August 6	August 5	August 4	Year ago
FT-SE 100 SHARE INDEX ‡	2275.4	+33.2	2276.1	2256.4	2242.2	2226.2	2261.4	2317.4	2307.8	1558.2

FIXED INTEREST

	PRICE INDICES	Tues August 11	Day's change %	Mon August 10	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	121.06	+0.25	120.76	—	6.83
2	5-15 years	135.82	+0.67	134.92	—	8.62
3	Over 15 years	144.77	+0.73	143.72	—	7.72
4	Irredeemables	157.10	+0.18	156.81	—	7.27
5	All stocks	133.42	+0.55	132.68	—	7.92
	Index-Linked					
6	5 years	121.64	+0.10	121.52	—	1.57
7	Over 5 years	113.57	+0.09	113.47	—	2.25
8	All stocks	114.07	+0.09	113.96	—	2.18
9	Debentures & Loans	118.35	+0.37	117.91	—	6.35
10	Preference	86.36	+0.02	86.34	—	3.49

	AVERAGE GROSS REDEMPTION YIELDS		Tues August 11	Mon August 10	Year ago (approx.)
	British Government				
1	Low	5 years	9.01	9.10	8.32
2	Coupons	15 years	9.67	9.76	9.20
3		25 years	9.67	9.76	9.23
4	Medium	5 years	10.16	10.29	9.55
5	Coupons	15 years	9.93	10.02	9.51
6		25 years	9.78	9.82	9.48
7	High	5 years	10.24	10.36	9.68
8	Coupons	15 years	10.10	10.20	9.68
9		25 years	9.78	9.85	9.51
10	Irredeemables †		9.68	9.75	9.23
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	2.85	2.88	3.74
12	Inflat'n rate 5%	Over 5 yrs	3.93	3.93	3.53
13	Inflat'n rate 10%	5 yrs	2.68	2.70	2.54
14	Inflat'n rate 10%	Over 5 yrs	3.90	3.90	3.38
15	Debs &	5 years	10.82	10.86	9.88
16	Loans	15 years	10.82	10.86	10.50
17		25 years	10.82	10.86	10.51
18	Preference †		10.58	10.59	10.93

‡Opening index 2262.4; 10 am 2257.2; 11 am 2261.3; Noon 2258.1; 1 pm 2261.0; 2 pm 2265.6; 3 pm 2275.5; 3.30 pm 2267.9; 4 pm 2268.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

[illegible]

August 11. Total Contracts 58,183. Calls 39,144. Puts 19,039. FT-SE Index Calls 4,934. Puts 5,080. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Aug. 11	Price Sch%.	+ or −
Creditanstalt	2120.00	+20
Goesser	3090.00	−10
Interunfall	12200	−100
Jungbunzlauer	6920	−30
Laenderbank	2005.00	+25
Perlmooser	710.00	+5
Steyr-Daimler	128.00	−1
Veitscher Mag	870.00	+3

BELGIUM/LUXEMBOURG

Aug. 11	Price Frs.	+ or −
B.B.L.	3360	+30
Banque Gen. Du. L.	15050	.....
Bank Int. A	14300	.....
Bekaert B	12475	+75
Ciment CBR	6400	.....
Cockerill	185	.....
Delhaize	4350	+100
EBES	5420	+20
Fabrique Nat	1550	+25
GB Inno BM	1376	−14
GBL (Brux) L	4200	+100
Generale Bank	6590	+30
Gevaert	8800	+100
Hoboken	8420	+30
Intercom	4190	+40
Kredietbank	4850	.....
Pan Holdings	13450	+100
Petrofina	13875	+500
Raffinerie Tirle	1800	+35
Royale Belge	6300	.....
Soc Gen Belge	3910	+70
Sofina	16200	+200
Solvay	14750	+250
Stanwick Intl.	520	+20
Tractebel	8410	+100
UCB	11425	+225
Wagons Lits	[illegible]	[illegible]

GERMANY

Aug. 11	Price Dm.
AEG	353.50
Allianz Vers.	2065.00
BASF	340.00
Bayer	360.50
Bayer-Hypo	475.00
Bayer-Verein	472.00
BHF-Bank	470.00
BMW	734.00
Brown Boveri	360.00
Commerzbank	301.00
Cont'l Gummi	374.00
Daimler-Benz	1209.00
Degussa	558.00
D'sche Babcock	250.50
Deutsche Bank	714.80
Dresdner Bank	364.00
Feldmuehle Nobel	343.00
Henkel	562.00
Hochtief	705.00
Hoechst	337.00
Hoesch Werke	134.00
Holzmann (P)	439.50
Horten	256.00
Hussel	645.00
Karstadt	547.00
Kaufhof	518.00
KHD	186.00
Kloeckner Werke	142.00
Linde	795.00
Lufthansa	201.00
MAN	192.80
Mannesmann	187.50
Mercedes Hld.	1051.00
Metallgesell	395.00
Muench Rueck	2010
Nixdorf	863.50
Porsche	1022.00
Preussag	199.00
Rhein West Elect.	251.00
Rosenthal	299.00

DENMARK · FINLAND · FRANCE · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · AUSTRALIA · HONG KONG · JAPAN · SINGAPORE · SOUTH AFRICA

[illegible]

CANADA

TORONTO

Closing prices August 11

[illegible]

MONTREAL

Closing prices August 11

[illegible]

Total Sales 8,171,508 shares

Indices

NEW YORK — DOW JONES · STANDARD AND POORS · N.Y.S.E. ALL COMMON · RISES AND FALLS · TORONTO · MONTREAL Portfolio

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

LONDON — Most Active Stocks
Tuesday, August 11, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Hanson Tr.	38.8m	187	+ 6	Rls Royce	8.9m	114	+ 4
Brit. Telecom	19.6m	270	+ 1½	All Lyons	8.4m	419	+ 2
Britoil	12.8m	314	− 5	Sears	8.2m	163½	nch
BP	11.0m	188½	− 7½	Brit Airways	7.6m	210	+ 7
Mrks & Spncr	9.1m	243	+ 1	Brit Gas	7.2m	178	+ 1

TOKYO — Most Active Stocks
Tuesday, August 11, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Kawasaki Steel	99.85m	274	+ 9	Mitsui And Co	13.28m	825	+ 5
Nippon Steel	98.74m	336	− 1	Canon	13.01m	1,180	+ 19
Mitsubishi Heavy Ind	19.74m	587	+ 9	Mitsub. Petro Chem	12.73m	1,018	+ 41
Onoda Cement	18.68m	834	− 11	Fujitsu	12.87m	1,338	+ 40
Hitachi Ltd.	15.70m	1,238	+ 30	Nippon Kogaku	11.31m	1,140	+ 50

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES:

Exch. 12pc 1999–02	£111¾	+$^{25}/_{32}$
BOC	519	+22
Bl. Arrow	175	+13
Bl. Circle	498	+27
Broad St.	70	+11
Cluff Oil	132	+ 8
Comm Union	359	+13
Dalgety	366	+14
Gen Accident	£10¼	+$^{3}/_{16}$
Hawker Sidd	576	+12
Hestair	350	+23
Hill Sam.	715	+16
Jaguar	579	+13
Ladbroke	439	+15
Land Secs	551	+14
Legal & Gen	325	+10
Lex Service	456	+27
Lorlin Elecs	254	+25
Lucas Inds	723	+19
MEPC	536	+22
NatWest Bnk	720	+26
Oakwood	723	+78
Racal Elec	285	+13
Ratners	344	+18
Regentcrest	203	+38
Reuters B	895	+43
Saatchi & Saat	679	+48
Unigate	393	+17

FALLS:

BP	368½	− 7½

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 39

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
35	20⅝	AAR s	.50	1.4	24	1466	u35¼	33⅝	35¼	+1⅛
37	22	ADT	.92	2.9	18	633	32⅛	31¾	31¾	
30	16¾	AFG s	.16	.5	10	1936	u31¼	29⅝	29⅝	−⅜
22⅝	8⅞	AGS s			19	501	21⅛	20½	21	+¼
10⅞	6¾	AMCA				14	9⅜	9¼	9⅜	
9⅜	4⅞	AM Intl				646	8⅛	7⅞	7⅞	
65½	50⅛	AMR			14	9237	65½	64¼	64⅞	−⅛
27½	24⅞	ANR pf	2.67	11.		z4	25	25	25	
11¾	8⅛	ARX s			12	104	10⅜	10⅛	10¼	
73½	31¼	ASA	2a	3.0		1338	67⅜	66¼	66¼	−⅜
20	9¾	AVX		1.6	35	362	18	17⅝	17⅝	−⅜
67	41	AbtLab	1	1.5	26	7797	66	64⅝	65¾	+1¼
28	24¼	Abitibi g				136	27⅜	26⅞	27¼	+⅛
16¾	9	AcmeC	.40	2.5	17	2082	16¼	15⅝	16¼	+¼
9¼	6⅛	AcmeE	.32b	3.6	35	101	9⅛	8¾	9	
23⅞	19	AdaEx	3.42e	16.		154	21⅞	21⅝	21⅞	+⅛
19½	11⅜	AdmM s	.24	1.6	11	x59	14⅞	14¼	14⅞	+½
25⅜	12⅛	AdvSys	.62t	2.5	18	287	u25⅞	25	25	−⅜
24½	12⅞	AMD				19166	21¼	20⅛	20¼	−1
54¾	47	AMD pf	3	5.7		278	53¼	53	53	+¼
11⅞	5¼	Adobe				798	11½	10½	10⅞	−½
20½	14¾	Adob pf	1.84	9.3		21	20	19¾	19¾	−¼
21⅞	17	Adob pf	2.40	11.		6	21½	21¼	21½	+⅛
15	10⅜	Advest	.12a	1.0	10	205	12⅝	12¼	12⅝	+¼
68¼	53	AetnLf	2.76	4.6	8	6054	60⅛	59⅝	60⅛	+⅝
83½	26½	AfilPb s	.32	.4	24	583	80⅝	78	78	−2¼
27⅞	18⅝	Ahmans	.88	3.9	8	14236	22¾	22	22⅝	+⅝
5⅜	2⅞	Aileen				38	3¾	3⅝	3¾	+⅛
53⅞	29⅝	AirPrd	1	1.9	23	1921	53⅝	52	52⅞	−½

Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27⅞	22¼	OhP pfG2.27		8.7		202	23⅝	23½	23½	+⅛
32¼	28⅝	OklaGE2.16		6.9	11	2502	31⅝	30⅞	31⅝	+⅝
12	10	OklaG pf.80		7.6		z20	10½	10½	10½	+½
54½	38¼	Olin	1.60	2.9	19	363	u54⅞	53⅝	54¼	−⅛
10½	6⅝	Omnicre				135	10⅛	9⅞	10	+⅛
22¼	8¼	OnLne s			27	724	21¼	20⅞	20⅞	−⅞
17⅞	7⅛	Oneidas .40		2.3		163	17⅝	17	17⅛	−½
44	29⅞	ONEOK2.55		7.5	20	157	34⅜	33¾	34	−⅛
13⅝	11⅝	OpnhCa				165	11⅞	11⅝	11¾	
12½	5	OrngCo				38	10⅛	9⅞	10⅛	+⅛
40	27	OranRk2.22		7.1	11	187	31⅜	30⅞	31⅛	−⅛
4	1½	Orient				445	3⅝	3½	3½	−⅛
36	20	OrionC .76		3.1		106	24¼	23¼	24¼	+¾
31⅞	21¼	OrionCpf2.12		8.9		4	23¾	23½	23¾	+½
19⅝	10⅛	OrionP			23	755	14⅜	14	14¼	
12⅞	8⅝	Orion pr .50		5.2		5	9⅝	9½	9⅝	+⅛
38	23⅞	OutbdM.64		1.7	28	1509	37⅜	36¾	37	+⅛
28½	18	OvShip .50		1.8	18	796	27⅞	26	27⅛	−⅝
32⅝	8⅞	OwenCn			14	4647	28½	25	28	−¼
18⅝	10	OxfdF s .24		1.5	11	20	16¼	16⅛	16⅛	+⅛
18	13⅞	Oxford .50		2.7	19	276	u18⅜	17¾	18¼	+½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

WE REGRET that over-the-counter closing prices were not available for this edition

Stock	Sales (Hnds)	High	Low	Last	Chng

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Anniversary cheer and stable dollar help lift Dow in hectic trading

WALL STREET

CONTINUING to celebrate its fifth anniversary a few days early, Wall Street's bull market staged a spectacular performance yesterday with prices soaring on near-record volume, *writes Roderick Oram in New York*.

The broad-based advance was underpinned by a stable dollar and firmer credit markets although bond trading was light and cautious ahead of the start of the Treasury's quarterly refunding.

Stock buying exploded at the opening bell as those investors who had sat sceptically on the sidelines while equities weathered some rough times recently piled back into the market out of fear of being left behind. Overseas orders were particularly evident in the generally indiscriminate buying. Virtually all sectors were winners.

The Dow Jones industrial average closed up 44.64 points at 2,680.48, its seventh best one-day gain and topping its previous record close set on Monday.

Broader market indices also set records although secondary and tertiary stocks did less well than blue chips. The Standard & Poor's 500 added 5.30 to 333.30 and the New York and American Stock Exchange composite indices rose 2.68 to 186.13 and 1.15 to 363.89 respectively.

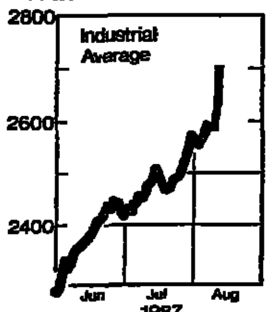
NYSE volume ballooned to 280.4m shares from 187.2m the previous day. It was the largest volume ever on a normal trading day, eclipsed only by the 302.4m shares traded on January 23, a Triple Witching Day subjected to once-a-quarter financial futures pressure.

Yesterday's hectic business overshadowed the modest 50.1m shares which marked the starting point of this bull market on August 12, 1982. The Dow industrials bottomed out that day at 776.92 as they launched into a 250 per cent, five-year run which to some observers appears to have no end in sight. Big buying sprees in the first few days of the rally were around 130m shares.

Analysts were take aback by yesterday's performance. Many were expecting a fall or at least indecisive swings in line with the markets' typical pattern for sessions following big rises. On Monday the Dow Industrials rose 43.84 points.

Investors seemed to have found good reasons to buy most stocks.

DOW JONES



Stable interest rates, for example, helped push up prices of interest rates stocks such as banks and insurance companies. Citicorp added $2¼ to $65¾, Chase Manhattan gained $2¼ to $44¼, J. P. Morgan rose $2¼ to $52¼, Aetna added $⅝ to $60¼, CIGNA advanced $1⅛ to $67½ and Fireman's Fund rose $⅝ to $36½.

Wall Street firms were swept along on the wave of buying after languishing in recent months near 52-week lows. Salomon Inc. added $1⅛ to $35½, Shearson Lehman rose $½ to $29½, Merrill Lynch advanced $1 to $40¼ and E. F. Hutton was up $1⅞ at $43¾.

Technology stocks remained in the forefront of the advance. Among computer stocks, IBM rose $2¼ to $169, Digital Equipment added $5 to $180, Apple gained $1¼ to $49½ and Hewlett-Packard rose $⅝ to $67⅞.

Semiconductor makers were also well ahead. Motorola advanced $2¼ to $65, Texas Instruments added $1¾ to $69, National Semiconductor was up $½ to $15¼ and Intel gained $1¼ to $51¾.

Store groups were buoyant after Wal-Mart, up $1⅞ to $42, and The Limited, up $1¼ to $51, reported second quarter profit growth of about 40 per cent. Among other retailers, Sears, Roebuck was ahead $1⅝ to $58⅝ and J.C. Penney gained $2¼ to $63¾ although Federated slipped $⅛ to $53⅞.

Drugs and chemicals also attracted considerable buying interest. Merck rose $1⅞ to $198⅛, Squibb advanced $3⅛ to $94¼ and SmithKline Beckman put on $⅛ to $72¼ while Du Pont was ahead $2¼ to $127¾ and Dow advanced $1⅝ to $96¾.

Saatchi & Saatchi and Interpublic, two leading advertising agencies, added $2⅛ to $32⅞ and $2 to $38⅞ respectively following a buy recommendation from Drexel Burnham Lamberg.

In the takeover arena, CNW, a Chicago-based railway holding company, rose $2⅝ to $23¼. Interest in the sector was spurred on Monday when an investor group with a 7.9 per cent stake in Kansas City Southern said it would not play a passive role. Yesterday Kansas Southern rose a further $2⅛ to $77½.

Credit markets were subdued ahead of yesterday's auction of $9.75bn of three-year Treasury notes, the first part of the Treasury's $28bn August quarterly refunding.

Prices on existing securities were little changed with the benchmark 8.75 per cent Treasury long bond slipping ⅛₆ of a point to 97¹⁴⁄₁₆ by late afternoon to yield 8.95 per cent.

Despite an increase in yields over the past few weeks which should help generate investor demand for the refunding's securities, dealers remained cautious. One negative factor is the widespread perception that inflation and hence interest rates will rise further later this year.

Analysts believed that Japanese investors might buy up to $1bn of the three-year notes offered yesterday. Their interest in such short-maturity government paper is relatively new but the stability of the dollar against the yen has attracted the Japanese to the US currency and they retain a generally positive attitude towards dollar-denominated investments at the moment. The biggest test of Japanese sentiment will come, as usual, with the auction of 30-year bonds tomorrow.

Dealers are likely to bid cautiously at the auctions which were delayed a week while Congress raised the government's debt ceiling. Payment for the securities is still due on the original date of September 30 so dealers have less time than usual to sell the paper before paying for it.

CANADA

ACTIVE TRADING in gold and mining issues led stocks in Toronto higher by midsession. Energy and industrial issues moved upwards following their lead.

Continuing Middle East tension and the strike at South African mines drove investors to golds which rose across the board.

Among the gold mining group, Campbell Red Lake was up C$¼ to C$44, International Corona gained C$¼ to C$45 and Lac Minerals was up C$¾ at C$47½. Noranda gained C$⅝ to C$35⅝.

Other miners followed suit. Inco was up C$⅛ to C$28⅛, Alcan added C$⅝ to C$47¾ and Falconbridge gained C$½ to C$29¾.

On the active industrial list, Canadian Pacific, which reported healthy second-quarter profits, rose C$⅛ to C$28⅞.

SOUTH AFRICA

GOLD SHARES ended mixed to firmer in moderate Johannesburg trading as the miners' strike continued and the bullion price held steady. Selected mining stocks attracted buying from Europe during the afternoon but others met profit-taking.

Vaal Reefs was down R3 at R467, above early lows, and Randfontein was also off R3 at R480, while Elandsrand added R1.75 to R35.75.

De Beers moved 50 cents ahead to R52.25 but Impala Platinum was weaker, off 75 cents at R57. Mining financial Anglo American put on R1.25 to R90.25.

Industrials saw a 50-cent rise for Barlow Rand to R27.50 and a 25-cent gain for Sasol to R15.50.

London rebounds on trade data

UK SECURITY markets yesterday celebrated the June current account deficit of £168m ($264m), which was less than feared. Leading shares regained confidence and Government bonds also moved forward before retracing their step as a result of confusion in the gilt futures market.

Volume remained light as markets waited to see what the money supply banking statistics would bring tomorrow. Yesterday's economic news managed to inject enough enthusiasm to push the FT-SE 100 index up 33.2 to close at 2,275.4, posting a two-day recovery of 49.2.

Blue chips responded almost immediately to the announcement. Hanson, the firm favourite in New York on Monday, was the most active with 38m shares changing hands and rose 6p to 187p. Overseas investors showed interest in Beecham which gained 6p to 546p. Glaxo, up ½ at £17¾, Reuters, 43p ahead at 895p, and Saatchi & Saatchi, up 48p to 679p.

Longer-dated bonds notched up one point above overnight closing levels soon after the balance of payments data. The market was later thrown into confusion when an incorrect price for the long bond was fed into the Liffe electronic system. Before the situation was rectified deals were completed at extremely low levels.

Agency brokers reported good domestic retail interest which tended to fade as the day wore on. Market makers emphasised that the main business emanated from overseas sources, principally Japan. Longer-dated gilts closed with gains stretching to ⅞.

Details, Page 36

Engineers soar after merger agreement

By Kevin Done in Stockholm

ASEA and BBC Brown Boveri share prices jumped dramatically yesterday in response to Monday's announcement that the two groups are planning to combine their electrical engineering operations in Europe's biggest cross-border merger.

Sweden's Asea showed the strongest rise with an increase of SKr63 in the A-restricted share price to SKr410, a rise of 18 per cent, while the B-free share price jumped by 15.5 per cent to close at SKr453.

The announcement of the Asea deal pulled the whole Stockholm market to a new all-time high with an increase of 1.7 per cent in the stock exchange general index and a rise of more than 5 per cent in the engineering sector index.

Trading volumes in Asea shares were unusually high with more than 200,000 shares traded in Stockholm compared with 50,000 on Friday. Trading was halted on Monday pending the announcement.

"The deal has been extremely well-received," said one share analyst in Stockholm. "The companies fit very well in terms of markets, production and technology."

Reactions were equally positive in the US, where the share price has climbed from $60 to more than $67 during the last two days.

The Brown Boveri share price has already recovered strongly this year, helped by the improvement in the Swiss market and optimistic profit forecasts from the company after the problems of recent years.

In Zurich the price jumped a further SFr 295 or 10.7 per cent to close yesterday at SFr 3,045. It has now more than doubled since the beginning of the year.

Positive reactions in the Swiss market were helped by the fact that the deal is a 50/50 merger rather than an acquisition by one side "which could have stirred up feelings against such a big company becoming foreign-owned," said one Swiss broker.

EUROPE

Milan sinks to new low amid run of records

A RECORD on Wall Street overnight and a rise in the dollar added fuel to the fire of bull markets in Europe yesterday but Milan reacted to domestic worries and dropped to a year's low. News of the merger between Asea and Brown Boveri had a considerable influence on engineering sectors.

Milan slid for the seventh consecutive session and the Milan Stock Index dropped 18 to a new 1987 low of 859. Heavy early losses and a sharp decline were trimmed by a spree of late buying.

Heavy selling pressure focused on blue chips. Fiat shed L420 to L10,800, Montedison was down L109 to L2,182 and Generali lost L4,200 to L122,800.

All sectors were weaker by the close.

Fears of a devaluation of the lira and concern over interest rates continued their hold over the market.

Amsterdam climbed to a fifth consecutive peak with a 1.9 rise in the ANP-CBS index to 332.3. The market was buoyed by gains in banks and Unilever which offset profit-taking among other internationals.

Amro led banks upwards on news of better than expected earnings for the first half and added Fl 1.80 to Fl 86.70. ABN advanced Fl 10 to Fl 510 and NMB gained Fl 2.30 to Fl 171.80.

Airplane manufacturer Fokker continued a recent firmer trend, adding Fl 3.90 to Fl 59.80 but transport issue Nedlloyd slipped Fl 1.50 to Fl 195.50 on profit-taking.

Publisher Elsevier lost Fl 3 to Fl 67 after rapid gains fuelled by speculation of a possible takeover by British publisher Robert Maxwell.

Zurich moved higher with Brown Boveri leading gains across a wide front in heavy turnover. The firm dollar and the record showing on Wall Street played important secondary roles in pushing the market upwards. The Crédit Suisse index rose 4.7 to a peak of 601.8.

Banks and financials were stronger. Union Bank bearers rose SFr50 to SFr5,175 and Swiss Bank bearers edged up SFr3 to SFr526.

Swissair went against the trend, closing down SFr10 at SFr1,480.

Stockholm saw its largest single day gain since the market's latest rally began in May. Prices moved to record levels across a broad front in heavy volume.

The J&P index rose 17.7 to 2,960.5. The previous year's high was 2,957.30 set on August 7.

News of the merger between Asea and Brown Boveri gave impetus to the market, encouraging good gains in the engineering sector. Manufacturers and industrials followed close behind with Ericsson gaining SKr10 to SKr264. Volvo also rose SKr10 to SKr371.

Oslo surged ahead on a continuing wave of buying, pushing the all-share index up 6.56 to a record 391.82 in hectic trading worth NKr 277m.

Foreign investors returned to the floor, encouraged by a lower inflation rate and the strong Norwegian currency.

Insurers showed the way, led by Vesta Hygea which gained NKr14 to NKr278.

Frankfurt ended mixed with an easier bias after a burst of late domestic buying helped make up for some early profit-taking. The Commerzbank index, computed before the late rally, lost 19.6 at 2,036.5.

The continuing strength of the dollar had a positive impact but a lower bond market and interest rate jitters suppressed early buying interest.

Cars regained early losses to end higher overall.

Bonds fell in quiet trading. The Bundesbank bought DM21.9m of paper after buying DM73.7m on Monday.

Paris continued its lower trend as investors displayed caution over interest rates and the Gulf situation. Turnover was low and the market was further depressed by the slide in French financial futures.

Retail issues and engineerings came under selling pressure but building shares inched narrowly higher on bargain hunting.

Fives-Lilles led engineerings down with a fall of FFr8.90 to FFr143.

Brussels moved higher across the board with some considerable gains in a new wave of foreign buying, coupled with fresh domestic demand.

The index closed up 57.72 at 5,331.74, just 50.18 short of the record reached on July 29.

Turnover was, however, quite low despite the renewed interest which focused particular attention on blue chips. Petrofina soared BFr500 to BFr13,875, leading the field.

Chemicals were strongly favoured.

Madrid was dominated by profit-taking which took an early toll on prices. Later, shares staged a moderate recovery to end the day mixed.

ASIA

Enthusiasm for large capitals boosts Nikkei

TOKYO

BUYING ENTHUSIASM gathered momentum in Tokyo yesterday, sending share prices moderately higher, *writes Shigeo Nishiwaki of Jiji Press*.

The Nikkei average gained 163.27 to 25,282.97 after rising as high as 25,356. Volume increased to 884m shares from Monday's 612m. Gains outpaced losses by 532 to 357, with 131 issues unchanged.

Wall Street's overnight advance to a record sparked strong buying interest centring on large-capital stocks, although the market lost its upward momentum briefly due to concern over renewed tension in the Gulf.

Steel shares performed strongly, bolstered by rising demand for steel. Asaki Steel topped the active list with 99.85m shares changing hands and rose Y9 to Y274. Mitsubishi Heavy Industries added Y9 to Y587, Sumitomo Metal Industries Y6 to Y228 and Ishikawajima-Harima Heavy Industries Y15 to Y815.

But Nippon Steel, the most active stock the previous day, came under profit-taking pressure to close Y1 lower at Y336. It was nonetheless the second busiest issue with 98.74m shares traded.

Other domestic demand-related stocks lost popularity towards the close. Tokyo Electric Power opened Y80 higher but was hit by a wave of selling later, ending Y140 lower at Y6,160. Tokyo Gas got off to a firm start but finished Y40 lower at Y1,030.

NTT, which was designated eligible for margin trading on Monday, turned down, closing Y30,000 lower at Y2.54m.

Constructions, housings and cements fared poorly, with Ohbayashi and Taisei shedding Y20 each to Y1,060 and Y1,100 respectively. Misawa Homes fell Y20 to Y2,800 and Onoda Cement Y11 to Y834.

In afternoon trading, high-technology stocks came into the spotlight. Fuji Photo Film, reporting good business results, surged Y190 to Y4,350. Matsushita Electric Industrial advanced Y70 to Y2,570, Hitachi Y30 to Y1,230, Fujitsu Y40 to Y1,330 and NEC Y20 to Y2,060.

Oil issues attracted strong buying interest, reflecting the tense Middle East situation. Teikoku Oil gained Y20 to Y1,070 and General Sekiyu Y20 to Y1,330.

Non-ferrous metals also firmed, with Sumitomo Metal Mining up Y60 to Y1,740 and Mitsubishi Metal Y21 higher at Y849.

Bond prices showed erratic movements, with the yield on the benchmark 5.1 per cent government bond, maturing in June 1996, slipping below 5 per cent at one stage.

The yield fell to 4.970 per cent, affected by the purchase of about Y50bn worth of the 90th series long-term government bond, due July 1996, by the Finance Ministry's debt consolidation fund.

But selling then increased gradually and the yield ended the day's trading at 5.125 per cent, up from 5.005 per cent at Monday's close.

The yen's decline to the Y151 range and the tension in the Gulf were also depressing factors.

THE WIDESPREAD strikes in South Korea took their toll on the Seoul stock market yesterday as worries over the labour unrest and profit-taking combined to pull the composite index down 9.87 to 471.97.

Turnover fell to 46m shares compared with 53m on Monday, when the index recovered 12.13 points. Manufacturing stocks were particularly badly hit, with cars, electronics and chemicals featuring prominently. Key vehicle manufacturers Hyundai, Daewoo and Kia had to stop production yesterday because of strikes at their plants, while other leading groups such as Samsung have also been hit.

SINGAPORE

BULLISH forecasts for economic growth helped maintain the upward momentum in Singapore after Monday's national holiday and the Straits Times industrial index climbed 25.87 to a fresh record of 1,490.09.

Reports of higher growth in the second quarter and official forecasts of 6 to 7 per cent growth for the year spurred buying by foreign and local institutions, with consumer and banking stocks leading the way.

OUB rose 45 cents to S$6.30 and UOB 30 cents to S$7.90 on 1.60m shares traded. Share trading in DBS was temporarily suspended pending its half-year results, which showed a sharp gain in profits.

Fraser and Neave climbed 80 cents to S$13.70, while UIC was active with 1.45m shares changing hands and rose 8 cents to S$3.96.

HONG KONG

THE HECTIC pace of trading continued in Hong Kong but share prices turned mixed and the Hang Seng index only managed to scrape to another record high, up 2.76 at 3,546.52. Turnover was up slightly from Monday at HK$2.33bn.

Property was the strongest sector, with Cheung Kong adding 20 cents to HK$13.30 and Hang Lung Development rising 10 cents to HK$16.80, although Sun Hung Kai was unchanged at HK$18.70.

Banks were mixed, with Hang Seng Bank up 50 cents at HK$47.75 but Bank of East Asia down 50 cents at HK$36.25. Utilities were also mixed.

AUSTRALIA

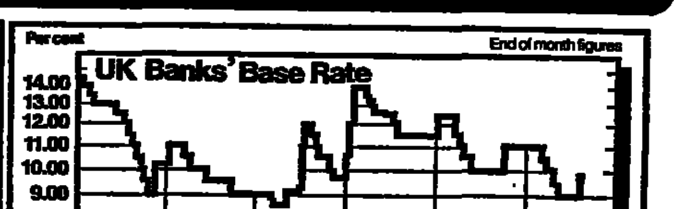
THE RECOVERY in the bullion price gave Sydney a boost and gold shares made some of the strongest gains after their sharp falls on Monday. The all ordinaries index rebounded 28.8 points to 2,084.2 in heavy turnover of 163m shares.

Wall Street's advances and a lower inflation rate also helped sentiment.

Among golds, Kidston picked up 50 cents to A$8.00 and Poseidon 30 cents to A$6.90, while resources saw Western Mining more than recover Monday's fall with a 36 cent rise to A$9.90.

In the industrial sector, Pioneer Concrete again saw heavy turnover of 800,000 shares, rising 10 cents to A$4.55. Banks took heart from the better inflation news, which sent interest rates down.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 11	Prev	Year ago
DJ Industrials	2,680.48	2,635.84	1,811.16
DJ Transport	1,100.11	1,094.31	721.75
DJ Utilities	210.76	207.33	205.64
S&P Comp.	333.33	328.00	240.68
LONDON FT			
Ord	1,772.60	1,742.6	1,228.7
SE 100	2,275.4	2,242.2	1,581.0
A All-share	1,153.15	1,135.45	770.54
A 500	1,272.22	1,253.07	846.28
Gold mines	444.4	553.5	238.0
A Long gilt	9.78	9.85	9.56
World Act. Ind (August 10)	132.94	131.27	95.31
TOKYO			
Nikkei	25,282.97	25,119.70	17,479.1
Tokyo SE	2,091.22	2,079.27	1,437.22
AUSTRALIA			
All Ord.	2,084.2	2,055.4	1,153.9
Metals & Mins.	1,418.8	1,374.1	538.9
AUSTRIA			
Credit Aktien	215.67	214.71	233.24
BELGIAN SE	5,331.70	5,274.0	3,787.24
CANADA			
Toronto			
Met.& Mins.	3,462.3	3,387.16	2,100.0
Composite	4,104.2	4,087.5	3,041.9
Montreal			
Portfolio	2,051.22	2,031.46	1,517.76
DENMARK SE			
SE	–	205.62	206.71
FRANCE			
CAC Gen	406.10	407.30	380.4
Ind. Tendance	103.70	104.20	91.70
WEST GERMANY			
FAZ-Aktien	681.43	667.64	665.00
Commerzbank	2,036.50	2,056.10	2,014.0
HONG KONG Hang Seng	3,546.52	3,543.76	1,927.04
ITALY Banca Comm.	622.00	634.52	739.37
NETHERLANDS ANP CBS			
Gen	332.30	330.40	293.0
Ind	280.80	280.70	284.7
NORWAY Oslo SE	519.86	513.66	340.83
SINGAPORE Straits Times	1,490.00	(c)	772.71
SOUTH AFRICA JSE			
Golds	–	2,350.0	1,605.4
Industrials	–	2,210.0	1,294.9
SPAIN Madrid SE	292.57	292.78	184.36
SWEDEN J & P	2,960.50	2,942.80	2,661.90
SWITZERLAND Swiss Bank Ind	682.20	677.70	528.8

COMMODITIES (London)

	August 11	Prev
Silver (spot fixing)	498.35p	493.50p
Copper (cash)	£1,136.50	£1,128.00
Coffee (November)	£1,267.00	£1,297.00
Oil (Brent Blend)	$19.40	$19.40

GOLD ($/oz)

	August 11	Prev
London	$460.75	$458.60
Zürich	$460.75	$460.00
Paris (fixing)	$457.39	$454.88
Luxembourg	$463.25	$459.00
New York	$474.20	$470.60

CURRENCIES (London)

	US DOLLAR Aug 11	US DOLLAR Previous	STERLING Aug 11	STERLING Previous
$	–	–	1.5700	1.5675
DM	1.8975	1.8935	2.98	2.9675
Yen	151.70	151.10	238.25	236.75
FFr	6.3275	6.3175	9.935	9.9025
SFr	1.5765	1.5730	2.475	2.465
Fl	2.1360	2.1315	3.355	3.34
Lira	1,373.5	1,371.50	2,156.5	2,149.75
BFr	39.35	39.30	61.75	61.60
C$	1.3295	1.3285	2.0860	2.0830

INTEREST RATES

Euro-currencies (3-month offered rate)	Aug 11	Prev
£	10⁵⁄₁₆	10¼
SFr	3⅞	3¹³⁄₁₆
DM	3¹⁵⁄₁₆	3¹³⁄₁₆
FFr	8⁵⁄₁₆	8¼
FT London Interbank fixing (offered rate)		
3-month US$	7	7³⁄₁₆
6-month US$	7¼	7⁵⁄₁₆
US Fed Funds	6⁷⁄₁₆*	6⅝
US 3-month CDs	6.60*	6.925
US 3-month T-bills	5.925*	6.08

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Aug 11 (Sept)	89-16	89-25	89-03	89-06
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	94.05	94.08	94.04	94.03
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	–	–	–	–
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.88	92.88	92.82	92.80
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	116-28	116-31	115-05	116-25

US BONDS

Treasury	August 11 Price	August 11 Yield	Prev Price	Prev Yield
7⅞ 1989	99²⁹⁄₃₂	7.875	99²⁹⁄₃₂	7.692
7 1994	97⁷⁄₃₂	8.52	97⁹⁄₃₂	8.529
8½ 1997	98¹⁴⁄₃₂	8.72	98¹⁶⁄₃₂	8.728
8⅞ 2017	97²¹⁄₃₂	8.94	97²⁹⁄₃₂	8.95

Source: Harris Trust Savings Bank

Treasury Index August 11 Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1–3	144.03	+0.07	6.37	–0.03
3–5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate	August 11 Price	August 11 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.469	6.40	93.34	6.45
SCBT South Central 10⅜ Jan 1993	102.00	10.39	102.00	10.39
Phibro Sal 8 April 1996	90.203	9.70	89.83	9.75
TRW 8⅞ March 1996	95.674	9.60	95.39	9.65
Arco 9⅞ March 2016	99.758	9.90	99.28	9.95
General Motors 8⅝ April 2016	82.38	10.00	81.98	10.05
Citicorp 9⅜ March 2016	90.68	10.40	90.26	10.45

Source: Salomon Brothers

* Latest available figures